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TODAY:  
STYLE

## A New BankAmerica: Biggest of U.S. Banks

### NationsBank Drives \$62 Billion Merger

By Mitchell Martin  
International Herald Tribune

NEW YORK — Having decided that there is safety in big numbers, two of America's largest banks announced a \$62 billion merger Monday, bulking up to compete more efficiently in an international industry that increasingly emphasizes size.

In the bigger of the two deals, NationsBank will pay about \$62 billion of its stock for BankAmerica Corp., creating the largest U.S. bank ranked by assets, of which it would have about \$247.72 billion. It would be the second-largest takeover in corporate history.

The other transaction will see Banc One Corp. swap \$28 billion of its shares to acquire First Chicago NBD Corp., creating the fifth-largest U.S. bank and the largest in the Midwest, with assets of \$230 billion.

The announcements follow by a week the news that the financial-services conglomerate Travelers Group Inc. would buy Citicorp in a stock swap worth about \$74 billion. In all of these cases, the idea seems to be to offer a large variety of financial services to banking customers.

"Bigger is indeed better," said Hugh McColl, the NationsBank chief executive, announcing the deal at a news conference. The combined institution, which would keep the BankAmerica name, would have about 8 percent of U.S. domestic deposits and aims to be "America's bank, at home and all around the world," he said.

Mr. McColl, 62, would be chairman of the new company and maintain his office in Charlotte, North Car.

olina. BankAmerica's 50-year-old chairman, David Coulter, is to be president of the merged company and keep his office in San Francisco.

Although the institutions involved in the deals are largely domestic, the recent merger frenzy relates to international competition, according to Gregory Root, president of Thomson Bank Watch, the international banking agency. "With the euro and the year 2000 problem, you need the mass," he said, noting that banks must make increasingly large investments in their computer systems.

Mr. Root said that for differing reasons, banks in Europe and the United States were now able to amalgamate. The situation in Asia, he said, is unsettled following the recent economic and currency turmoil, although he said the region provided fertile ground for expansion by U.S. institutions.

In Europe, banks have suffered from high cost structures, both for labor and to maintain more branches than justified by market fundamentals. Both situations are changing, he said, in part because of the single European Union market and the upcoming currency union.

American banks, meanwhile, had been hamstrung by laws that discouraged branches in more than one state until the 1980s and the federal Glass-Steagall Act, which limits their activities in the securities business. Interstate banking is now allowed, and the Glass-Steagall restrictions have been eroded by regulators, although the overall shape of federal banking legislation remains unclear.

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## Japan Treads Edge of a Recession

### Economy Likely to Contract in First Half of Year, IMF Forecasts

By Alan Friedman  
International Herald Tribune

WASHINGTON — Japan is probably already in a recession, and its economy is unlikely to show signs of economic growth until the second half of this year, the International Monetary Fund said Monday.

"The Japanese economy probably contracted in the first quarter of this year and will probably contract again in the second quarter," said Michael Mussa, the Fund's chief economist, later confirming specifically that this meant that Japan probably would be in a recession

during the first six months of 1998. "We think Japan can turn from negative growth in the first half to slightly positive growth in the second half," he added. But to sustain growth, he said, Tokyo probably must plan on fiscal stimulus measures in 1999 that go beyond the \$75 billion package of public spending and tax cuts introduced last week.

Japan is one of several economies whose IMF growth forecast was revised downward Monday because of the impact of the Asian financial crisis.

The Fund said the global effects of the crisis would very likely be "more

severe" than initially forecast. It revised its world economic growth forecast for 1998 to 3.1 percent, down from its forecast of 4.3 percent six months ago.

Growth will recover to 3.7 percent in 1999, it said.

Although the IMF said the turmoil that erupted last year in Asia had abated since January, it warned in its twice annual World Economic Outlook that "considerable uncertainty remains about the resolution of the crisis and its global repercussions."

The impact of the Asian crisis on North America and Western Europe will be mild, it said, with a moderate anti-inflation effect that could even help to reduce the risk of overheating in the U.S. economy.

"We may have some upside potential for North America and Continental Europe," Mr. Mussa said.

The Fund upgraded its forecast slightly for the United States, predicting 2.9 percent growth in 1998 and 2.2 percent next year.

The European Union, now enjoying a spreading recovery, was forecast to grow by 2.8 percent both this year and next.

Among the big Continental economies, France will lead the pack in 1998 with 2.9 percent growth, the Fund said, while Germany will expand 2.5 percent and Italy 2.3 percent. Economic growth in Britain will slow to 2.3 percent, from 3.3 percent in 1997, it said.

While expressing confidence that 11 nations will introduce Europe's single currency, the euro, in January, the IMF offered two warnings related to Economic and Monetary Union, about labor markets and about deficits.

"The failure to reform Europe's labor markets is clearly the Achilles' heel of the EMU project," the report declared.

Flemming Larsen, an IMF economist, said that making Europe's job markets more flexible and more mobile would be "extremely important for the success of EMU."

The IMF also warned that even though the 11 candidates for the euro had brought their deficits below 3 per-

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The Dollar			
New York	Monday @ 4 P.M.	previous close	
DM	1.8238	1.8235	
Pound	1.6681	1.6707	
Yen	129.555	131.20	
FF	6.112	6.1123	
The Dow			
	Monday close	previous close	
	+17.44	9012.30	8994.86
S&P 500			
	Monday @ 4 P.M.	previous close	
change	-0.98	1109.69	1110.67



BELFAST HARMONY — Protestants marching in Belfast on Monday avoided confrontation with a Catholic neighborhood, Page 6.

## Airbus Set for a Dogfight

### It Reorganizes for Coming Battle With Boeing

By Joseph Fitchett  
International Herald Tribune

PARIS — Airbus Industrie is squaring off with Boeing Corp. for an industrial clash on a titanic scale, and their battle for customers, partners and profits is likely to reverberate through airlines and aircraft suppliers around the world.

Airbus, the European aerospace consortium, is flying high these days, while Boeing has been going through some

troubling in large-scale high technology, is the second-largest U.S. aerospace company, behind Lockheed Martin, with annual sales running around \$18 billion. Airbus, the flag-carrier for European industrial integration, has conquered a 40 percent share of the market and has no intention of stopping there. Based in Toulouse, France, it is already Europe's biggest business, with \$10 billion in annual sales.

Airbus executives say they have picked up the momentum lost by Boeing. Even though Boeing, over the last two decades, has sold nearly 10,000 airliners, twice as many as its rival, Airbus notes that half of its 7,500 orders were logged in just the last seven years as its elegantly designed wide-bodied and growing family of jetliners gained credibility.

Airbus also has found its way into every major market, finally including Latin America last year, and won orders from every major airline — including the U.S. majors.

Airbus's own success has played an important part in sharpening the competitive climate for the company. Its mounting market share hastened the demise of the only other major airliner manufacturer, McDonnell Douglas, whose takeover last year by Boeing reduced the suppliers' ranks to "a duopoly for at least the next 10 or 15 years," said Jerrold Lundquist, an analyst with McKinsey consultants.

The struggle for the top position may turn out to be a real dogfight. Despite the industry's billions in sales, price-cutting has hit both companies' profits. Boeing reported a loss last year for the first time, and Airbus saw its earnings drop by nearly two-thirds, even though it sold more planes than ever.

The competitive pressure has forced Airbus to envisage its most expensive investment: the A3XX, a 555-seat superjumbo, bigger than the 747. Boeing's monopoly on jumbos gave it a cash cow and a guaranteed slot in almost any airline fleet, and matching Boeing across

turbulence. But now Airbus is moving to become a more nimble competitor by reorganizing its ramshackle partnership into a more traditional management structure to operate along purely commercial lines.

Executives, government officials and analysts interviewed recently — most of whom asked not to be quoted by name — all agreed that there were still unanswered questions about the ability of Airbus, even under new management, to soar free of European government ties and compete uninhibited by political pressures.

Boeing says that its production and inventory problems are behind it, and analysts agree that the Seattle-based company seems close to digesting McDonnell Douglas, the competitor — and only remaining U.S. airliner manufacturer — that it took over two years ago.

But now that it is Boeing's only rival, "Airbus is likely to discover that Boeing has some nasty surprises for it" in terms of commercial pressures, said the head of a multinational company that does business with both manufacturers.

Airline passengers, as consumers, stand to benefit from the intensified competition, because neither company intends to roll over. Besides the spur to design and build better planes, airlines are already finding that they can talk down the price of new orders.

Both firms are already global giants. Boeing, a symbol of U.S. global

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## A Dirty Secret in Mexico

### Senator's Raid on Government Wiretap Center Yields Evidence of 22 Others Around Country

By Molly Moore  
Washington Post Service

MEXICO CITY — Just after 9 on a recent night, Senator Layda Sanzores Sanromán banged on the front door of a concrete house in the center of the southern Mexican city of Campeche. What she discovered when the janitor opened the door unleashed a scandal that has ripped open the underbelly of Mexican politics.

A back room was crisscrossed with electronic eavesdropping equipment. Another room contained files stuffed with thousands of pages of transcripts of telephone conversations of politicians, journalists and private citizens.

To be sure, the intimate details of love affairs, corruption and extortion are the damaging enough. But the raid on the government espionage center, which netted financial records of the center and seven years of tapes and transcripts, has exposed extraordinary details of the government's bugging operations against its citizens, political foes and prominent business leaders.

"I was furious to discover my life on papers, documents, recordings and computer files," Senator Sanzores, 52, said in an interview at her home in Mexico City. "Seven years of my life were there, tracked in detail," said the federal senator, a member of the opposition, left-of-center Party of the Democratic Revolution.

In recent weeks, more than a dozen other cases of government espionage have been uncovered across the country, including hidden microphones and cameras found in the offices of the new government of Mexico City and interceptions of the telephone calls of a state governor.

The discoveries — and the willingness of the targets to go public with evidence — have confirmed many Mexicans' long-held suspicion that their government has acted as an omnipresent Big Brother — spying on its citizenry, its perceived enemies and frequently, on some of its own agencies and officials.

"Everything I say and do, I assume that I am being spied on," said Vicente Fox, the governor of the state of Guanajuato, in response to the recent discovery that his telephones had been bugged.

Mr. Fox, of the right-of-center Na-

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## Baby Boomers on the Recline

### Dad's Chair Glides, Swivels and Rocks for a New Generation

By William L. Hamilton  
New York Times Service

When Tracy Chaney kicks back, it is not because she's lazy.

"I just bicycled for about four and a half hours today," said Ms. Chaney, 35, a physical-education teacher. In her Las Vegas living room, she relaxes to music and watches her fireplace from one of her two new La-Z-Boy armchairs.

Nearly 7 million other Americans — men and women, young and old — took a similar position last year.

Civilization is in decline. "We're getting old; those recliners are looking real good," said Nancy Butler, a staff writer for Furniture Today, an industry journal.

"As a baby boomer, more concerned with comfort than ever before, I'm ready to put a recliner in my home, and I wouldn't have

been caught dead doing this 10 years ago." Like Ms. Chaney, 45 percent of last year's buyers of recliners in the United States were aged 34 to 52. Because that group, 77 million strong, is considered the prime American furniture-buying public, the recliner need only overcome its stubborn image problem to conquer the American home.

Looks aren't everything. Today's model tries harder. It not only reclines, it glides, swivels and rocks. It answers the telephone and connects to the computer. It offers heat and massage — "shake and bake" to industry insiders.

Moreover, the king-of-his-castle's recliner is no longer alone: It has hired a category called "motion furniture" that accounts for almost half of the \$17 billion U.S. business in upholstered furniture.

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Relaxing in a New York showroom. Recliners are enjoying a revival with the 32-54 set.

Newsstand Prices			
Bahrain	1,000 BD	Malta	55 c
Cyprus	€ 1.00	Nigeria	12600 Naira
Denmark	14.00 DKr	Oman	1,250 QR
Finland	12.00 FM	Qatar	10.00 QR
Gibraltar	€ 0.85	Rep. Ireland	IR £ 1.00
Great Britain	€ 0.90	Saudi Arabia	10 SR
Egypt	€ 5.50	S. Africa	R12 + VAT
Jordan	1,250 JD	U.A.E.	10.00 Dh
Kenya	1,250 KSh	U.S. (Eur.)	\$ 1.20
Kuwait	700 KWD	Zimbabwe	Zim\$40.00





## Challenging the Press / When Targets Turn Tables

## Press Critics Try to Derail Pulitzer Candidates

By Felicity Barringer  
New York Times Service

NEW YORK — Targets of journalistic scrutiny have filed an unusual number of complaints to the Pulitzer Prize board, challenging the facts and context of articles and trying to knock them out of the running for the awards, which will be announced Tuesday.

At least five such challenges reached the Pulitzer board at Columbia University.

Mr. Topping said that the board had changed its rules in 1994, permitting jurors to see such challenges because it "reduces drastically the likelihood that after the process is over we make discoveries about an entry that might affect the board."

The Pulitzer Prizes are widely considered journalism's highest honor. It is unclear whether any entry's chances suffered as a result of a challenge.

Complaints about adversarial coverage are as old as journalism itself. But the challenges this year reveal new sophistication among critics of the press and a willingness to confront journalists in one of the arenas they hold most dear.

The Pulitzer process has often been a magnet for controversy within the industry; some publications have contended that a prize went to an entrant whose work was based on their own, and some jurors have complained that their recommendations were ignored by the board, which has the final say on the awards.

But lobbying from outside is a relatively new phenomenon.

This year, a Pennsylvania state senator who sits on the governing board of a Philadelphia school for poor teenagers raised objections about a series published by The Philadelphia Inquirer on the board's financial dealings. A Washington State trade association of fertilizer manufacturers challenged the accuracy of a Seattle Times series about the reprocessing of hazardous wastes and heavy metals into fertilizer.

In a case first publicized by the newspaper itself, the Boston Police challenged The Boston Globe's series on police misconduct in a Feb. 6 letter to each of the 19 members of the Pulitzer board.

In its series, The Globe, which is owned by The New York Times Co., discussed abuses ranging from false testimony by police officers to the apparent cover-up of a police beating of a plainclothes officer.

Other challenges involved The San Francisco Chronicle's examination of the way state agencies handled the release of some mentally handicapped adults from institutions, and the work of The Tennesseean in Nashville on environmental dangers for areas around Oak Ridge, Tennessee, where an in-



The effect of challenges on the already difficult dynamics of the Pulitzer jury process makes some editors worry.

cinerator burns toxic waste from the production of nuclear weapons.

Among journalists, particularly top editors and former Pulitzer jurors, the reaction to the development had several layers. Without exception, six former Pulitzer jurors said they would welcome such input. Without exception, the editors of the series being challenged said they thought the jurors and the board, both dominated by working journalists, could readily gauge a challenge's merit.

It is the effect of challenges on the already difficult dynamics of the jury process that makes some editors worry.

"I don't think the reaction of a subject matters in the early rounds," said Cynthia Tucker, the editorial page editor of The Atlanta Constitution and a former Pulitzer juror. "But in the later rounds you're coming down to 10 or 20 entries which all look pretty good."

"I would never back away from a piece because a subject didn't like it that would have the opposite effect on me," she added, a sentiment echoed by Walter Ruggaber, the president and publisher of The Roanoke Times in Virginia, who is a board member.

But Ms. Tucker added, "If the subject can point out something that the reporter did wrong and at that point elimination is pretty painful, then I could say,

"Let's toss that one and move on."

Other editors expressed concern that the growing number of challenges could bog down the process. And, they pointed out, the rules already require newspapers to include both published and unpublished protests as part of any entry.

"I think that challenges are legitimate," said Matt Storr, the editor of The Globe, who has served as a Pulitzer juror. "But I think they should be handled in a different way."

The jurors are almost overwhelmed by the number of entries that they have to consider, Mr. Storr added. "The jurors are almost begging for a reason to eliminate any one."

Challenges so far have tended to focus on in-depth investigations, though challenges to other categories are not barred. The number of challenges being sent to jurors is still small compared with the 1,580 entries this year.

In addition to seven prizes for books, music and drama, prizes in 14 categories are awarded to journalists.

In most cases, jurors composed of five people take about two days to winnow down scores of entries to three finalists, which are presented to the board.

The board chooses one — or sometimes two. In rare cases, it decides to make no award, and it sometimes moves a candidate from one category to another — from public service to explanatory journalism, for instance.

In the challenges to The Seattle Times and The Philadelphia Inquirer, the critics said that material important to the context of the story was omitted by the newspapers.

Critics also raised factual questions and complained that their views were not adequately represented.

Pete Fretwell, a spokesman for the Far West Fertilizer and Agricultural Association, a trade group in Spokane, Washington, that challenged The Seattle Times's series, said, "When you talk about the Pulitzer, you're talking about something that should not only be groundbreaking, it should by definition be the epitome of accuracy, balance, fairness."

The editors involved defended their reporters' work as accurate and complete.

"My own sense of this," said Mike Fancher, the editor of The Seattle Times, "is that the Pulitzer jury panels and the board include veteran newspaper people who have experienced criticism of journalistic work in their own backgrounds. They know how to read and understand this kind of criticism and factuality."

Robert Rosenthal, editor of The Philadelphia Inquirer, added, "I don't see a downside to challenges unless they're given more weight than they should be." Last-minute challenges, he said, could distort the process.

## Missile Inquiry Clouds America's China Policy

By Jeff Gerth  
New York Times Service

WASHINGTON — In the 1992 presidential election, many of the United States' aerospace manufacturers backed Bill Clinton. But when Mr. Clinton took office, he immediately disappointed some of them on a key issue, barring them from launching their most lucrative satellites on China's low-cost rockets.

The aerospace companies' counter-attack was vehement — and eventually effective. After a lobbying campaign that included personal appeals to the president by Michael Armstrong, then chief executive of Hughes Electronics Corp., Mr. Clinton gradually came to take the industry's side.

But there was an important caveat: The companies had to keep a tight rein on sophisticated technology sought by the Chinese military.

So, in May 1997, the administration was jolted by a highly classified Pentagon report concluding that scientists from Hughes and Loral Space & Communications Ltd. had turned over expertise that significantly improved the reliability of China's nuclear missiles, officials said.

The report, whose existence had been secret, prompted a criminal investigation of the companies, which officials said was under way this year when Mr. Clinton approved Loral's export to China of the same information about guidance systems. The chairman of Loral, Bernard Schwartz, was the largest personal donor to the Democratic Party last year.

An examination of the administration's handling of the space case, based on interviews with administration officials and industry executives, illustrates the competing forces that buffet Mr. Clinton on China policy.

In this instance, the president's desire to limit the spread of missile technology was balanced against the commercial interests of powerful U.S. businesses, many of which were White House allies and substantial supporters of the Democratic Party.

"From the Chinese point of view, this was the key case study on how the administration would operate on contentious issues," an administration expert on China said. The message, the official added, was that administration policy on issues like the spread of weapons and human rights abuses "could be reversed by corporations."

The White House denied any political interference in the issue.

"I am certainly not aware that our policy has been influenced by domestic political considerations," said Gary Samore, senior director for nonproliferation and export controls at the National Security Council. "From where I sit, this has been handled as a national security issue, seeking to use China's interest in civilian space cooperation as leverage to obtain nonproliferation goals."

The administration's China policy has come under intense scrutiny in the last year. Congressional investigators have been examining whether China sought to influence policy through illegal campaign contributions to Democratic candidates in 1996. That connection, first suggested in intelligence reports, was never proved.

The handling of the satellite case raises questions about the influence of

American contributors on China policy, according to officials.

Since 1991, the aerospace industry has divided its political contributions equally between Democrats and Republicans. In the same period, however, Loral and Hughes tilted toward the Democratic Party, giving \$2.5 million to Democratic candidates and causes and \$1 million to the Republicans.

Administration officials say the contributions played no role in the decision to permit China to launch U.S. satellites.

"The government has to balance risks — the risk in not letting American companies get their satellites launched by the Chinese, which would reduce our high-tech advantages, and the inherent risks of technology transfer," said James Rubin, the State Department spokesman. "That's why we impose such strict safeguards, and we are determined to investigate and use our laws to prevent that possibility."

The criminal investigation of Hughes and Loral has its roots in 1989, when sanctions were imposed after the massacre of pro-democracy demonstrators near Tiananmen Square, requiring a presidential waiver for satellite launches. Eleven such waivers have been granted by Mr. Clinton and his predecessor, George Bush.

But in late 1992, U.S. intelligence discovered that Chinese companies had sold missile technology to Pakistan, raising tensions in the subcontinent.

In the first months of Mr. Clinton's presidency, Democrats and Republicans in Congress pressed the administration to take action. Mr. Clinton responded with sanctions that barred U.S. companies from sending military goods to any of the Chinese concerns involved in the Pakistan deal. The move had the effect of halting several pending and future U.S. satellite deals because the Chinese rocket-launching company was one of the companies under sanctions.

The sanctions stemming from the Pakistan sale were lifted in late 1994, and China promised to curb missile sales to other countries. Still, the satellite industry had not achieved a major objective. So, in 1995, Mr. Armstrong sent another letter to Mr. Clinton, signed by Mr. Schwartz, Loral's chairman, arguing that the Commerce Department should become the primary licensing authority for satellite exports, an industry executive said.

The debate not only affected national security but also had enormous commercial implications. The businesses that rely on satellites are highly competitive, and European companies were more than willing to take advantage of China's low-cost services. Without the Chinese, U.S. companies faced big waits to get their satellites into orbit because of a shortage of rockets.

Finally, in March 1996, Mr. Clinton shifted major licensing responsibilities for almost all satellites to the Commerce Department.

Since the inquiry began, Beijing and Washington have been exploring even more space cooperation. Last fall, President Jiang Zemin visited the United States and stopped at a Hughes site to talk about satellites. In advance of Mr. Clinton's trip to China in June, the administration is seeking a broader agreement with Beijing on space cooperation.

## As England Starts to Mop Up, Snow Surprises France

Compiled for the Staff from Foreigners

LONDON — Rainstorms and the worst flooding in 150 years left at least four people dead in central and eastern England over the weekend, but the deluge eased Monday and a huge mopping up operation was under way.

"We are cautiously optimistic that the worst is now over," a spokesman for the Environment Agency said. "But river levels will remain high for the next 48 hours and it will take some days to get back to normality."

The army was called out to help with the emergency effort, and soldiers were recalled from Easter leave. The flooding caused chaos for tens of thousands of people, and thousands had to be rescued by boat and helicopter.

On the Continent, hail, snow and storms swept across France during the weekend, causing seven deaths on the roads and threatening more chaos as people made their way home Monday after the Easter holiday.

In the southwest region of Landes, four people were killed Sunday in a car accident during a fierce hailstorm. The previous day, two people died on the roads in the same area.

Another motorist died late Sunday in one of numerous accidents on the highway between Paris and Rennes.

An 11th-century stone clock tower in Saint-Quentin-sur-Indrois in central France was destroyed by a bolt of light-

ning late Sunday.

Snow fell Monday in Paris and throughout much of the rest of France, reaching as far south as the outskirts of Nice on the Cote d'Azur.

The British Environment Agency said the flooding in England, which began early last week, had been caused by "monsoon" levels of rain.

"These are the worst floods this century, indeed for 150 years, and while the water levels are falling we are still concerned about some areas," Deputy Prime Minister John Prescott said Sun-

day as he visited parts of the Midlands.

One of the towns he visited was Stratford-upon-Avon, where waters rose 8 feet (2.5 meters) in two hours, flooding homes, businesses and The Royal Shakespeare Theatre.

On Sunday, the river Nene overflowed in Peterborough, 75 miles (120 kilometers) north of London. Some places were under two feet of water and more than 20 homes were evacuated, but the Environment Agency said the city had not suffered as badly as had been feared. Late in the day, all roads were passable.

In unseasonal weather elsewhere: Heavy snowfall brought winter back to Moscow, snarling traffic and causing several road accidents.

On Sunday, 16 centimeters (6.4 inches) of snow fell in the city.

Israelis crowded beaches and air-conditioned malls Monday to seek refuge from temperatures that soared above 38 degrees centigrade (100 Fahrenheit).

Paramedics advised people to drink at least 1.5 liters of water every half hour to avoid dehydration. (AP, AFP)

## TRAVEL UPDATE

## Crime in Florida Drops

MIAMI (Reuters) — The crime rate in Florida dropped 2.6 percent last year and the murder rate hit its lowest level since 1933, officials said.

It was the sixth straight annual drop in the crime rate in Florida, according to statistics released by the Florida Department of Law Enforcement. The murder rate fell 5.8 percent from 1996 to 6.9 killings per 100,000 population.

A series of nine murders of European tourists five years ago stained the image of the state as a prime tourist destination and damaged an industry then worth \$30 billion a year, but the sector recovered

strongly. In 1997 Florida had 47 million visitors who spent \$41 billion.

## Turin Shroud on Show

VATICAN CITY (AFP) — The Shroud of Turin, which according to tradition was used to wrap the body of Christ after the Crucifixion, will be on show to the public, starting Saturday until June 14, at the Museum of the Holy Shroud in Turin. Nearly 900,000 people have already made reservations for the exhibition. The organizers are expecting 3 to 4 million visitors, including Pope John Paul II, who is planning a trip to Turin on May 24.

Striking pilots at All Nippon Airways Co. forced the cancellation of six international flights Monday as their protest moved into an eighth day, officials said. (AFP)

The haze from forest fires raging in the nearby island of Borneo affected Singapore on Monday as winds turned easterly, Singapore's meteorological service said. (AFP)

Cairo airport officials opened a new runway Monday to accommodate the wide-bodied planes with a capacity of 1,000 passengers that are expected to be in use by 2005. (Reuters)

## WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.

## Europe

City	Today	Low	High	Low	High	Low	High
Algeria	15/20	12/15	17/22	12/15	17/22	12/15	17/22
Amsterdam	12/15	10/12	14/17	10/12	14/17	10/12	14/17
Athens	18/25	15/20	21/26	15/20	21/26	15/20	21/26
Berlin	10/15	8/10	13/18	8/10	13/18	8/10	13/18
Bombay	25/35	22/27	28/38	22/27	28/38	22/27	28/38
Buenos Aires	15/20	12/15	18/23	12/15	18/23	12/15	18/23
Calcutta	25/35	22/27	28/38	22/27	28/38	22/27	28/38
Caracas	25/35	22/27	28/38	22/27	28/38	22/27	28/38
Chennai	25/35	22/27	28/38	22/27	28/38	22/27	28/38
Colombo	25/35	22/27	28/38	22/27	28/38	22/27	28/38
Columbo	25/35	22/27	28/38	22/27	28/38	22/27	28/38
Dhaka	25/35	22/27	28/38	22/27	28/38	22/27	28/38
Dubai	25/35	22/27	28/38	22/27	28/38	22/27	28/38
Guangzhou	25/35	22/27	28/38	22/27	28/38	22/27	28/38
Hong Kong	25/35	22/27	28/38	22/27	28/38	22/27	28/38
Kuala Lumpur	25/35	22/27	28/38	22/27	28/38	22/27	28/38
London	10/15	8/10	13/18	8/10	13/18	8/10	13/18
Los Angeles	15/20	12/15	18/23	12/15	18/23	12/15	18/23
Manila	25/35	22/27	28/38	22/27	28/38	22/27	28/38
Moscow	10/15	8/10	13/18	8/10	13/18	8/10	13/18
Mumbai	25/35	22/27	28/38	22/27	28/38	22/27	28/38
New Delhi	25/35	22/27	28/38	22/27	28/38	22/27	28/38
Paris	10/15	8/10	13/18	8/10	13/18	8/10	13/18
Perth	15/20	12/15	18/23	12/15	18/23	12/15	18/23
Rangoon	25/35	22/27	28/38	22/27	28/38	22/27	28/38
Seoul	10/15	8/10	13/18	8/10	13/18	8/10	13/18
Singapore	25/35	22/27	28/38	22/27	28/38	22/27	28/38
Taipei	25/35	22/27	28/38	22/27	28/38	22/27	28/38
Tokyo	10/15	8/10	13/18	8/10	13/18	8/10	13/18
Yokohama	10/15	8/10	13/18	8/10	13/18	8/10	13/18

## North America

Windy and chilly in the Southwest Wednesday morning and western U.S. Wednesday to Friday. The day will be cold with rain and snow in the Pacific Northwest, and heavy downpours will move from Texas Wednesday into the Midwest Thursday and Friday. A heavy rain band will move from the Gulf of Mexico into the Northeast. Light rain, mostly drizzle, cloudy, showers, thunderstorms, rain, snow flurries, snow, hail, W. winds.

Maps, forecasts and data provided by AccuWeather, Inc. 813-988-1111 or <http://www.accuweather.com>

## Asia

Dry and seasonably mild in most of Asia Wednesday to Friday. Mild in Beijing Wednesday, but much cooler Thursday and Friday. In Tokyo Wednesday, then Thursday, rain and snow in the north. In Shanghai, heavy rain and snow in the south. In Hong Kong, rain and snow in the north. In Seoul, rain and snow in the north. In Taipei, rain and snow in the north. In Manila, rain and snow in the north. In Jakarta, rain and snow in the north. In Singapore, rain and snow in the north. In Bangkok, rain and snow in the north. In Colombo, rain and snow in the north. In Calcutta, rain and snow in the north. In Bombay, rain and snow in the north. In Chennai, rain and snow in the north. In Madras, rain and snow in the north. In Coimbatore, rain and snow in the north. In Pondicherry, rain and snow in the north. In Karaikal, rain and snow in the north. In Daman, rain and snow in the north. In Diu, rain and snow in the north. In Goa, rain and snow in the north. In Dadar, rain and snow in the north. 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THE AMERICAS

# States Wallow in Welfare-Reform Statistics

By Barbara Vobejda and Judith Havemann  
Washington Post Service

WASHINGTON — Eighteen months after federal lawmakers dramatically changed the nation's welfare program, it is becoming clear that the mass of data the government requires states to collect is such a disarray that it is impossible to determine whether the law is working.

Hampered by serious computer problems and other complications, the federal government has been unable to determine whether states are succeeding in getting as many welfare recipients into jobs as the law requires.

How the issue is ultimately resolved is critical, not only because it is the sole means by which federal lawmakers can gauge which states have effective programs and which need attention, but also because tens of millions of dollars are riding on the answer.

If states fail to move a certain proportion of their caseload into jobs, for example, they could be docked millions of dollars a year. State officials also fear they could be unfairly denied huge federal bonuses because the money must be distributed on the basis of other state data that they argue is far from reliable.

For example, the Health and Human Services Department will award \$200 million in a "high performance bonus" this year that will be shared by those states that are most successful at getting welfare recipients into jobs where they stay and advance. But states can define their caseloads differently and choose which information to submit to compete for the bonus.

The states are concerned that many performance standards "are being based on data systems that are not capable of producing good information," said

William Waldman, the New Jersey welfare director who was named last week to head the American Public Welfare Association, the umbrella group representing welfare departments around the country.

Under the old welfare law, states were required to report basic information about a portion of their caseloads, most of it aimed at ensuring that states were paying the correct amount of benefits to recipients. Under the 1996 law, which gave the states greater flexibility in designing welfare programs, much more information is required, including who receives housing subsidies, medical assistance and child care and who is working or is enrolled in training courses.

Under the temporary rules in effect, states are told to report 67 pieces of information each for at least 3,000 families on their caseloads. But under proposed guidelines to take effect later this year, that number would rise to 178.

Among state officials, the information-gathering process has become one of the most pressing issues in their welfare efforts.

Elaine Ryan, director of legislative affairs at the association of welfare agencies, said that when she organized a session on these technical questions at a meeting of state directors last month, she expected that a dozen states would show up. She was startled when 43 did.

Ms. Ryan said the federal government had been unable to give timely or clear guidance about exactly how to report information, what definitions to use and what rules to follow. She said the Health and Human Services Department did not tell states what information to collect until last September, but then required them to collect it retroactively to July. "I do wonder what the heck they are doing," she said.

The Alabama welfare reform director, Joel Sanders, said his state had given up competing in two of the four categories on which the "high-performance bonus" will be based. "We'll just lose our chance in those areas," he said. "When we're already strapped, we can't ask the staff to gather additional information."

The transition into this new world of welfare is not simply a matter of computer mishaps, but a larger question of how to balance competing interests: the need to track a new social policy against the danger of placing burdensome mandates on states to collect detailed information.

Some members of Congress argue that the federal government knows too little about what is happening to the millions of families who have left the rolls in recent years.

"As responsible policymakers, I would think we would want to know how many of these families are reaching economic self-sufficiency," said Senator Paul Wellstone, Democrat of Minnesota, who offered an unsuccessful amendment requiring the federal government to report on the fate of former recipients. "The fact of the matter is, very few states can tell me. No one knows."

"They are asking for too much," said Margaret Gravina, a spokeswoman for Michigan's Human Services Department. She said the federal government had estimated that Michigan would spend 9,283 hours a year compiling the data under the welfare law. But when state officials looked at the requirements, they figured a more realistic number was 51,052 hours annually.

"We're going to be spending time collecting data, rather than on creating opportunities that would benefit families," she said.



IS EVERYBODY READY? — President Bill Clinton blowing a whistle to begin the 120th annual Easter Egg Roll on the south lawn of the White House as an Easter bunny looked on attentively.

## Away From Politics

• The percentage of teenagers reporting gangs at their schools has nearly doubled since 1989, and more students reported being victims of violent crime at schools where gangs were present, the Education and Justice departments reported. (AP)

• An Amtrak passenger train crashed into cars from a freight train that had derailed on an adjacent track, injuring at least 16 people in Conway, Pennsylvania. (AP)

• Almost 24 hours after his escape from a maximum-security prison, the authorities spotted Jay Sigler and an accomplice cruising along a highway in Fort Lauderdale, Florida. The two men turned their car into an alley and plowed into a passing car, killing its 55-year-old driver, Dennis Palmer. Mr. Sigler and Christopher Michelson were handcuffed without a struggle. (AP)

## POLITICAL NOTES

### Jones to Decide Soon on Appeal

WASHINGTON — Paula Jones will announce Thursday whether she will seek an appeal of a federal judge's decision to dismiss her sexual misconduct lawsuit against President Bill Clinton, her spokeswoman said.

The spokeswoman, Susan Carpenter-McMillan, said Mrs. Jones had already decided whether to file an appeal of the ruling April 1 by Judge Susan Webber Wright, who concluded that Mrs. Jones's nearly four-year-old civil lawsuit was without merit.

But Ms. Carpenter-McMillan declined to divulge Mrs. Jones's intentions, saying instead that she would announce her decision at a news conference in Dallas.

Advisers of Mrs. Jones, 31, a former Arkansas state worker, have said in recent days that they believed she would seek an appeal of the ruling by Judge Wright. She rejected all of the claims stemming from what Mrs. Jones said was an encounter with Mr. Clinton in a hotel suite in Little Rock, Arkansas, in May 1991. Mrs. Jones has until May 1 to file an appeal.

Her legal team, based in Dallas, was described as being ambivalent about an appeal. The lawyers, who have not been paid fees for their work, would have the most to lose in time and effort if an appeal failed because they would be paid only if Mrs. Jones won at trial. Her lead lawyer, Donovan Campbell, was unavailable for comment.

But leaders of the conservative Rutherford Institute, which is paying Mrs. Jones's legal expenses, have quietly lobbied her to go forward. John Whitehead, the president of the institute, which is based in Charlottesville, Virginia, has said in recent days that he believed Mrs. Jones would appeal. (NYT)

### Strong Anti-Tobacco Bill Vowed

WASHINGTON — The Clinton administration and members of Congress are vowing to pass strong anti-tobacco legislation even though the tobacco industry walked out of the legislative process and threatened to fight such a bill in court.

Tobacco companies said last week that the settlement proposal reached in June with state attorneys general was "dead" and that they were abandoning attempts to work out legislation based on that deal.

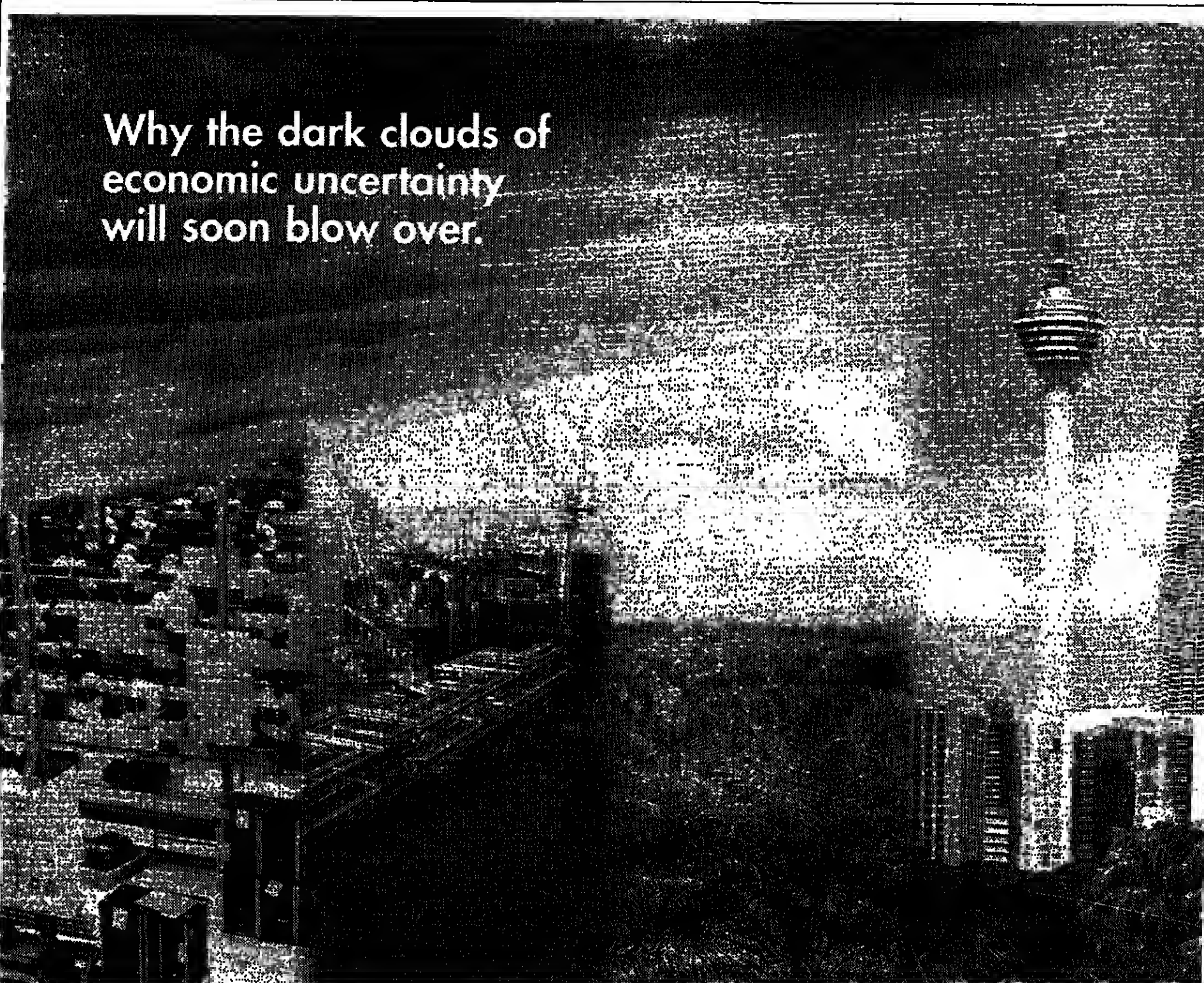
Despite the walkout, "We will get bipartisan legislation this year," the Health and Human Services secretary, Donna Shalala, said Sunday. "There's no question about it because it's about public health."

Senator John McCain, Republican of Arizona, who sponsored the leading tobacco bill in Congress, said, "I'm optimistic that we can get this done by this summer."

Noting that the White House and public health advocates have complained that his bill is not tough enough while the industry has said that it cannot live with his bill, Mr. McCain said, "I think we may be well-positioned." (WP)

### Quote/Unquote

President Clinton, before blowing the opening whistle Monday to welcome thousands of children to the White House lawn, where they rolled Easter eggs: "This is the only thing every year, no matter what else happens, I know I will do right." (AP)



Why the dark clouds of economic uncertainty will soon blow over.

There have been dark clouds of economic uncertainty hovering over Malaysia. We Malaysians expect the picture to clear. In due time. With an optimism that is borne out of four decades of incredible economic growth the world has been witness to.

With the perseverance to make changes and sacrifices. With the wisdom of solid economic fundamentals to see us through. With the determination to do everything for the economy to bounce back.

And bounce back we will. How can we be so bullish about it? Because we've overcome other adversities before. And we'll do it again.

## MALAYSIA Bullish on Bouncing Back

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## Clouds China Policy

American contributors on China

Since 1991, the aerospace industry has divided its political commitments equally between Democrats and Republicans. In the same period, however, the Democratic Party, giving \$2.5 million to Democratic candidates and \$1 million to the Republican Party, has played no role in the debate to permit China to launch U.S. satellites.

The government has to be able to get the risk in not letting the companies get their satellites launched by the Chinese, which would involve high-tech advantages, and the risks of technology transfer, the state spokesman said. "That's why we've been so strict in our guidelines, and we've terminated to investigate and make sure that the technology is not being transferred."

The criminal investigation of the sanctions was imposed after the state of pro-democracy demonstrators near Tiananmen Square, near presidential palace, were arrested. Eleven such warrants were granted by Mr. Clinton and his predecessor George Bush.

But in late 1992, U.S. officials discovered that Chinese officials had been secretly passing on the raising tensions in the submarine.

In the first month of Mr. Clinton's presidency, Democrats and Republicans in Congress presented legislation to take action Mr. Clinton suspended with sanctions against companies from China, among them in any of the Chinese companies in the PRC, the state spokesman said.

The state spokesman said that the effect of passing on the technology to the Chinese would be to give them the ability to launch satellites, which would be a major step in the development of a space program.

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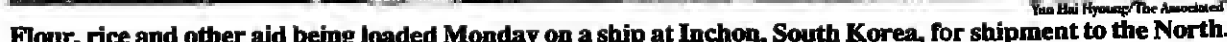
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## But a UN Director Cites Distribution Flaws

"Many people are extremely thin, with some exhibiting a sickly pallor," she said. At one hospital maternity ward she visited, she said, doctors told her

"Some say there are 3 million dead, others say there's just a state of bad nutrition," said one aid expert who has worked in the region. "But we really don't know: we have to be careful."



### ***South Focuses on Reuniting Families, but North Puts Famine Issue First***

But the chief South Korean negotiator said the two sides were trying to be flexible. "Today's meeting has not made progress in narrowing the differences between the two sides," Jeong Se Hyun.

North Korea, in its third year of famine, wants 100 million tons of fertilizer

Chun Kum Chul, the head of the North Korean delegation, indicated

# U.S. and UN Push Malaysia And Indonesia On Expulsions

Malaysia has begun deporting thousands of immigrants who flocked there during boom years but are no longer needed because of the economic slowdown.

**BRIEFLY**

Cui Xiaotian was quoted as saying at the application of technology in modern banking officers should learn about science to speed modernization. (Reuters)

acting assistant director of fisheries at the Fisheries Department, said that the red tide was the most serious and that the red tide was the most serious.

(Reuters)

...ed safety measures as they prepared  
...itors expected Tuesday, the climax of  
...inks of the Ganges

...e in the river to wash away sins, is held  
...othills city every 12 years. (AFP)

**...s Subcontinent Talks**

the two countries mounted last week and it had test-fired its longest-range sharp reaction from New Delhi, which providing Pakistan with the technology. als said there was no specific agenda

**BEGAWAN, Brunei** — The U.S. has sought permission from Wash- ily send staffers out of the smog-

ent thousands to hospital emergency of asthma-like symptoms. Swept Indonesia brought smoke to pre as well Monday. No health ad-

...but the Pollution Standards Index  
at level this year. (AP)

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## Romania's New Leader Will Push Privatization

BUCHAREST — Prime Minister Nicolae Ceaușescu's ouster has opened the door for a new government in Romania, one that is expected to embrace a program of economic reform.

The program of "socialist" property seized by the state after World War II with Soviet

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## 2 British Diplomats Shot

THIRANA, Albania — British diplomats were shot and wounded today by a masked gunman in a market square in Tirana, an Interior Ministry spokesman said.

First Secretary Catherine Wainwright and the Consul David Brown were shot on Sunday afternoon on nearby Durrës street. The shootings occurred, the spokesman said, at 10 p.m.

Mr. Jones, who was wounded, and Mr. Brown, who was not, were taken to a Tirana hospital for treatment, said Soviet Ambassador Alexander Serebrennikov, Tirana's director of public

## Yeltsin Helps Moscow O

MOSCOW — President Boris Yeltsin said Monday that he would name all too well known capital in terrible

After talking with Mayor Yelisei said he was going to build a third circular highway to remove some of the traffic jams being caused by the city's population, and



EUROPE

# Pope's Army Needs A 'Noble' Leader

Swiss Guard Post Pays \$30,000

By Alessandra Stanley  
New York Times Service

ROME — Wanted: Swiss gentleman with military experience to lead the world's smallest army. Must be 5 feet 9 inches or over and Roman Catholic. Should be noble.

The Swiss Guards, the colorfully dressed soldiers who have defended the Pope and the Vatican gates since the 16th century, are in want of a leader. And the search for a suitable commander, which has dragged on for five months, has become a baffling mystery inside the Vatican and beyond.

The vacancy seems to be due to more than a bureaucratic lag in the Vatican personnel office. The difficulty in finding a qualified — and willing — candidate is yet another tiny reflection of how some of the most ancient traditions of the Holy See are being eroded by the modern world.

The honor, once fiercely coveted by Swiss aristocrats, has lost some of its luster. To noblemen and commoners alike, the salary is unimpressive, reportedly about \$30,000 a year.

As one leading — and middle-class — candidate who took himself out of the running, Bruno Capelli, a former military attaché at the Swiss Embassy in Rome, put it: "I have a good job in Bern. For family and financial rea-

sons, I could not consider it."

Not only on Easter Sunday, when more than 100,000 pilgrims and tourists flood St. Peter's Square, but every day, hundreds of tourists gather at the Vatican gates to gawk and snap pictures of the Swiss Guards.

Their plumed helmets and red, yellow and blue dress uniforms — the Medici family colors — and 7-foot (2-meter) pikes have changed little since the 16th century. Today, though, they carry tear gas for crowd control.

Originally, they were mercenaries. After defending Pope Clement VII during the sack of Rome in 1527, they were invested as the Pope's personal army. Now, the work is mainly ceremonial, but the Swiss Guards, dressed in navy blue doublets and berets, direct the traffic through the Vatican City's gates and keep a 24-hour vigil at the door of the Pope's personal apartments.

Since the 1970s, the army has had trouble filling the lower ranks with unmarried Swiss Catholics who demonstrate, as the recruitment brochure puts it, "irreproachable character," and are willing to observe the strict discipline of both the army and the church. At full strength, the guard numbers 100, but there are currently two vacancies.

During some summer holidays, the guard has been



Since the 1970s, the Vatican has had trouble filling the ranks of the Swiss Guards.

forced to dress seminarians in the guard uniform to fill the gaps. Even within the Vatican, the guards live in an insular world.

Some of today's guards find the isolation hard. When asked if he liked his job, one young Swiss guard said: "Not really. We have a midnight curfew, and if you want to go to discos or pick up girls, it's not great."

Like any army or church department, today's guards have had their share of scandals and internal disputes. Two years ago, two members of the guard were arrested by the Rome police for disorderly behavior after watching a soccer match in a bar.

Martin Utz, 50, a former captain in the Swiss Guards, said he was passed over for promotion because he was a bachelor and was eventually

drummed out of the service. Officers are expected to be married. He fought to stay in, but after an appeal to the Pope failed, he eventually bowed to what he described as a "vow of absolute obedience."

He blames his fellow Swiss officers, not the church, for his ouster. And he is skeptical about the younger generations of his countrymen. "These days," he said, "who serves out of honor?"

The Swiss upper classes do not seem to be answering the call.

Bernhard Pfylfer von Allshofen, 49, whose family has contributed 11 commanders over the last 300 years, said he had no interest in prolonging the family tradition.

"I am far, far away from any such job," said Mr. Pfylfer, an engineer in the Swiss

Forestry Department in Lucerne. "My family has given 11 commanders and that is enough for the rest of time."

For now, the guards are being led by Lieutenant Colonel Alois Estermann, 44, who was appointed acting commander when Commander Roland Buchs retired early in October, for what he described as "family reasons."

Colonel Estermann, who is under consideration for the job, is an inside favorite. But the fact that he has not yet been appointed has given rise to speculation that the Swiss clergy and the Vatican prefer an outsider, and are even holding out for one of noble birth.

Twenty-seven of the 30 guard commanders have been aristocrats. "An aristocrat is preferable," Colonel Estermann said with a shrug.

# Yeltsin and Duma Opponents Won't Budge on Appointee

Reuters

MOSCOW — President Boris Yeltsin and his Communist opponents stood their ground Monday in a battle over who should be Russia's prime minister, squaring up for a showdown in which Parliament could be dissolved.

Mr. Yeltsin refused to bow to demands to withdraw Sergei Kiriyenko's candidacy for a second and possibly a third vote in the State Duma, the lower house, which overwhelmingly rejected the former hanker Friday.

Ignoring hints of compromise by Mr. Yeltsin on other issues, the Communists and their Agrarian and Leftist People's Party allies in the chamber declared they would oppose Mr. Kiriyenko in the second round of voting due late this week.

The Communist Party leader, Gennadi Zyuganov, said the president of the People's Patriotic Front of leftist forces decided "to vote against the candidacy of Sergei Kiriyenko as a person unsuitable for the post of Russian prime minister."

Mr. Yeltsin and the Duma are now on a collision course in a battle that Mr. Yeltsin says is harming the economy. But there is still a chance for deputies to turn away from a showdown, as they have done in the past.

Many parliamentarians say Mr. Kiriyenko, 35 and plucked from relative obscurity when Mr. Yeltsin dismissed the government on March 23, is too inexperienced to be prime minister.

If the Duma rejects Mr. Kiriyenko three times, it will automatically be dissolved under the constitution, and Mr. Yeltsin will be required to call a parliamentary election. Elections are otherwise not due for 18 months.

Neither side shows any sign of backing down over Mr. Kiriyenko, although Mr. Yeltsin hinted he would be ready to compromise over minor members of the cabinet.

"There will be no other candidate," Mr. Yeltsin said in televised comments as Mr. Kiriyenko sat silently beside him at the start of talks in the president's office.

"I proposed Kiriyenko and I will stand by

him to the end," the president said.

Despite his tough talk, the 67-year-old president made it clear that he wanted to find a way to avoid dissolving the Duma. He indicated he was considering some of the names the political factions in the chamber have proposed to be in the government.

"But you would say I was strange if I said all of these candidates will get in," he added, again ruling out Communist demands for a full coalition government.

Most of the key posts are already settled, such as the Finance, Defense, Interior and Foreign ministries.

The leaders of some Duma factions have said they might back Mr. Kiriyenko if he unveiled his planned line-up now or offered cabinet posts to members of their party.

Mr. Yeltsin said he had agreed to consult with the Duma's speaker, Gennadi Seleznyov, a Communist, on Tuesday, although Mr. Seleznyov has said he will ask Mr. Yeltsin to withdraw Mr. Kiriyenko's candidacy.

In another attempt to assuage the Duma, Mr. Yeltsin said he had told an aide to consider deputies' other concerns, apparently over housing and perquisites they receive in Moscow. But he made it clear that such benefits would come only after Mr. Kiriyenko was confirmed.

Many deputies are wary of an early election, which would put their seats and their parliamentary privileges at risk.

Only 143 of the 450 Duma members backed Mr. Kiriyenko on Friday and he faces a struggle to get the 226 votes he needs in the second vote.

Real power in Russia lies with the president. But if the head of state is incapacitated, the prime minister stands in and takes over control of the trigger to Russia's nuclear arsenal.

Despite the parliamentarians' reservations about Mr. Kiriyenko, Mr. Yeltsin said he would not accept any proposals to change the constitution to make the leader of Parliament's upper house the nation's No. 2 instead of the prime minister.

BRIEFLY

## Russian Parliament Gets START-2 Treaty

MOSCOW — President Boris Yeltsin submitted an amended version of the long-stalled START-2 arms control treaty to Parliament on Monday, and this time it seemed likely it would pass.

The treaty, signed by Mr. Yeltsin and President Bill Clinton in 1993, would halve the strategic nuclear arsenals of the United States and Russia.

The U.S. Senate ratified it in 1996, but the State Duma, the lower house of Russia's Parliament, so far has refused to approve it.

However, under accords signed in New York last fall, Russia would have five additional years to destroy its long-range missiles. Parliamentary leaders now say they expect the treaty to be approved.

In resubmitting the agreement, Mr. Yeltsin said it "corresponds to the interests of Russia." He named Foreign Minister Yevgeni Primakov and Acting Defense Minister Igor Sergeev as his representatives to shepherd the treaty through Parliament.

## Romania's New Leader Will Push Privatization

BUCHAREST — The draft program of Prime Minister-designate Radu Vasile's new coalition government, leaked to the press Monday, sets privatization and restructuring of big utilities among top priorities.

A government official said that Mr. Vasile met leaders of the centrist coalition parties — Christian and Social Democrats, Liberals and ethnic Hungarians — to brief them on the program, which party negotiators completed over the weekend.

Parliament, dominated by centrists reunited in Mr. Vasile's coalition formula, is expected to endorse his proposed cabinet and program Wednesday.

The program includes demands by Mr. Vasile's Christian Democrats to return property seized by Communists after World War II with Social Democrats' insistence

on tough free-market reforms, and ethnic Hungarians' calls for greater education and language rights for the minority. (Reuters)

## New Turkish Elections Possible in March '99

ANKARA — An aide to Prime Minister Mesut Yilmaz said Monday that the governing Motherland Party said March 1999 as the earliest date for new elections.

Yasar Dedelek, a senior member of the Motherland Party, was quoted by the Anatolian News Agency as saying that "the earliest date for elections is March 27, 1999." The party had earlier signaled October as the most likely time for polling.

Mr. Dedelek did not say why his party favored elections no sooner than next March, but said local and general polls could be held together at that time.

Mr. Yilmaz is due to meet Deniz Baykal, the leftist leader, on Thursday to discuss a possible date for elections, which are not legally due until 2000. Mr. Baykal has threatened to withdraw his support from the government. (Reuters)

## Karamanlis's Condition Worsens After Attack

ATHENS — Former President Constantine Karamanlis, Greece's most revered elder statesman, was unable to breathe without mechanical assistance Monday in a serious blow to hopes he could regain his health, reports said.

Mr. Karamanlis, 91, was placed on a respirator Sunday after suffering a heart attack. According to media reports, his lungs failed to work when he was temporarily unhooked from the device.

Hailed for restoring democracy in 1974 after seven years of military dictatorship, Mr. Karamanlis was hospitalized last week after suffering chest pains. He was diagnosed as having bronchitis.

Mr. Karamanlis has been in failing health since retiring in 1995 following his second term as president, ending a 60-year political career that included a record six terms as prime minister. (AP)

## 2 British Diplomats Shot in Albania

The Associated Press

TIRANA, Albania — Two British diplomats were shot and wounded during a robbery by a masked gunman on the outskirts of Tirana, an Interior Ministry official said Monday.

First Secretary Catherine Jones, 41, and Vice Consul David Bicker, 49, were returning to Tirana on Sunday afternoon from a restaurant on nearby Dajti Mountain when the shootings occurred, the official said.

Ms. Jones, who was wounded in the arm, and Mr. Bicker, wounded in the abdomen, were taken to a Tirana hospital and released after treatment, said Sokol Bare, the Interior Ministry's director of public order.

A third British diplomat who was accompanying them at the time of the attack, Jim Warren, was not hurt.

A British Embassy official said that the two wounded diplomats were in Tirana, but that he could not divulge their exact whereabouts. The embassy was closed Monday for the Easter holiday.

The shooting occurred after the gunman flagged down the car in which the three were driving, Mr. Bare said.

In March, a Greek police officer, one of the international advisers who was sent to Albania after lawlessness erupted in 1997, was shot and wounded by armed men who stole his car.

## Yeltsin Helps Moscow Out of a Jam

The Associated Press

MOSCOW — President Boris Yeltsin acknowledged Monday what every Muscovite knows all too well: Traffic in the Russian capital is terrible.

After meeting with Mayor Yuri Luzhkov, Mr. Yeltsin said he was endorsing a proposal to build a third circular highway within the city to relieve some overcrowding.

He also expressed support for the economic reforms being carried out under Mr. Luzhkov, a popular and domineering mayor who is considered a likely presidential candidate in 2000.

"I follow developments in Moscow very

closely," Mr. Yeltsin said, according to the Itar-Tass press agency.

Mr. Yeltsin was effectively Moscow's mayor when he was the city's Communist Party boss in the mid-1980s. During his tenure, relatively few Russians owned cars and traffic moved easily through the capital's broad streets. But car ownership has exploded in the past decade, and Moscow is now plagued by heavy traffic.

Moscow has two circular highways, one ringing the central part of the city and one surrounding its outer reaches. The proposal endorsed by Mr. Yeltsin is for a third circular road between the two existing rings.

# Judge on War Crimes Tribunal Battles Apathy

By Charles Trueheart  
Washington Post Service

THE HAGUE — After five years of judging culpability for grisly atrocities in the former Yugoslavia, creating along the way the basis for a permanent international war crimes court, Gabrielle Kirk McDonald wonders whether anyone is paying attention.

"When I go to the United States to talk about this," said Judge McDonald, who had been on the federal bench in Houston and is presiding judge of the United Nations war crimes tribunal here, "there's a lack of understanding, even a lack of interest."

Is international law so esoteric? Here we talk about Geneva Conventions," she said in an interview, referring to treaties defining war crimes and genocide, "but many people think we're talking about the Democratic and Republican conventions."

As the International Criminal Tribunal for the former Yugoslavia becomes more visible with a surge in the arrests, surrenders and trials of war crimes suspects — two more Bosnian Serbs were captured Wednesday — Judge McDonald sees an opportunity to raise the tribunal's profile in the United States.

"One of my major goals as an American is to point out the obvious: These are groups of people, whose differences are based on ethnicity and religion, engaging in atrocities because of those differences," she said.

She added, "It calls to my mind, as a racial minority, things that have happened in the United States, including a failure to account for past events." That accounting is at the heart of the exercise of the five-year-old UN tribunal, which is prosecuting war crimes committed in the former Yugoslavia during the 1992-95 conflict and, separately in Tanzania, those that occurred in Rwanda during the 1994 genocide.

Judge McDonald, 56, was elected presiding judge in November.

The appointment of Judge McDonald by her colleagues means that women run the tribunal's three major divisions: The chief prosecutor is Louise Arbour, a Canadian; and the registrar, which is akin to chief operating officer, is Dorothee de Sampaio, who is Dutch.

Among the challenges facing the tribunal is managing a legal babel. Legal precedent for war crimes and genocide is sketchy.

With every seemingly minor ruling in the case of a war crimes suspect, the judges are often creating new rules of procedure. They are, in effect, creating a body of law that could become the legal foundation for a permanent war crimes tribunal being organized under UN auspices, with a charter expected this summer.

Language problems present a major problem in The Hague. Trials are conducted in at least two lan-

guages, French and English, but also in Serbo-Croatian. In a given case, Judge McDonald added, the judges and lawyers involved can represent three or four or more different legal and judicial traditions.

Those familiar with the U.S. legal system might be struck by the virtually automatic admission of evidence, including hearsay.

"We admit all evidence

that is relevant," Judge McDonald said. Because there is no jury — panels of three judges sit on individual cases — "we can cut through irrelevancies and evidence that may inflame the passions of juries," she added.

One reason Judge McDonald is championing the tribunal in her travels to the United States is to raise money for more judges and for witness protection programs.

The practice of fund-raising from individual countries is one way the tribunal has overcome budget limitations. The UN also recently raised the budget to nearly \$70 million, an increase of more than \$20 million from last year.

But Judge McDonald puts responsibility for the success of the tribunal where the prosecution staff puts it — in the

hands of governments required by the United Nations and the peace accords that ended the Bosnian war to turn over indicted suspects. The tribunal has no autonomous police powers.

"I'm asking in a creative way," Judge McDonald said, "to bring about the application of laws — the Geneva Conventions — that have gone unapplied for 50 years."

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INTERNATIONAL

# In Egypt, Coptic Leaders Cry Out Against U.S. 'Interference'

By Youssef M. Ibrahim  
New York Times Service

CAIRO — A proposed American law aimed at reducing persecution of religious minorities abroad has aroused anger here, even among the people it is intended to help, and has stirred an outcry against Washington's interference in the domestic affairs of other countries.

The Freedom From Religious Persecution Act was approved by the House Committee on International Relations on March 25 by a vote of 31 to 5. It is expected to be submitted to the full House in May. The Senate version of the bill is pending in the Foreign Relations Committee.

The bill would mandate sanctions against countries found guilty of religious discrimination.

Advocates of the law have made it clear that it is aimed at these specific situations: China's persecution of certain Christians, Muslims and Tibetan Buddhists; Saudi Arabia's treatment of

its non-Muslim expatriate work force, and the alleged systematic persecution of the large Christian populations in Egypt and Sudan.

But the legislation is opposed by many Egyptian Copts, who represent the largest Christian minority in the Arab world.

If enacted, such a law could strengthen the demands of those in Congress who want to eliminate U.S. economic aid to Egypt, now at about \$2 billion a year, which has been a pillar of Egyptian-American relations for nearly two decades — since Egypt signed the Camp David peace accords with Israel.

The proposed law comes at a time when much of the Arab world is boiling over with accusations that the United States applies a double standard of justice: punishing Arab and Muslim countries with sanctions while overlooking Israeli violations of the rights of Palestinians and other Arabs.

In Egypt, the assault on the proposal has been joined by government and opposition news organizations, members of Parliament and the public, including leading Copts, who feel they are being used as pawns by enemies of Egypt in the United States.

Those who are trying to incite foreigners to interfere in Egypt's internal

streets by Muslims, and these issues can be solved within a framework of a national dialogue.

Copts contend that they are not a cultural or ethnic minority, but Egyptians whose ancestors embraced Christianity in the first century. They make up about 10 percent of Egypt's population of 65 million people.

Speaking privately, prominent Copts in business, the arts and professional circles concede that there are indeed discriminatory measures against Copts. One is an ancient law dating from the Ottoman Empire that bans the construction or repair of churches. Another is the general failure of Egyptian high schools to include lessons about the nation's six centuries of Coptic influence before the advent of Islam.

Copts also are excluded from much of the country's political life, including senior government jobs, and from top-level academic positions, except for a

few token appointments. Still, most Copts here maintain that the wisest way to deal with the issue is quietly, and within Egypt.

One of Egypt's most successful businessmen among Copts said, "Such laws may advance the political agenda of some, but they overlook the harm it could do to all Copts here."

On the other side of the divide, those leading the lobbying for the measure are the growing and powerful Coptic communities in the United States, Canada, Europe and Australia — estimated at well over 600,000. These Coptic immigrants, most of whom have arrived in the past 20 years seeking economic opportunities, have formed powerful lobbies in Western nations that encourage political activism.

"We did not invent the law," said Selim Naguib, a leading activist among Copts in Canada. "This is a matter of sovereign American decisions. But if Egypt practices no discrimination against its Christians, as the government claims, why do they fear it?"

## U.S. Fight Over Census Heats Up

Republicans Fear Losses If New Method Is Used

By Steven A. Holmes  
New York Times Service

WASHINGTON — Two years from the start of the 2000 census, it is shaping up as the most contentious in 80 years, generating a firestorm of debate in Congress and litigation aimed at blocking the Census Bureau from changing the way it does business.

Over the last year, the dispute over the bureau's plans to alter its method of counting the population delayed passage of a disaster relief bill for victims of flooding in the Midwest, prompted Congress and the Clinton administration to set up an outside board to monitor the bureau and generated two lawsuits, including one by the House speaker, Representative Newt Gingrich, Republican of Georgia.

Congress has ordered the traditionally apolitical Census Bureau to draft two plans for conducting the census, one the old way and one using the proposed new method, statistical sampling, which is at the center of the dispute.

"This is quite a battle," said Representative Christopher Shays, Republican of Connecticut, one of the few members of his party to support the proposed changes.

The fight is the most heated since the 1920 census, when rural lawmakers, aghast at the headcount documented for the first time that more people lived in cities than in rural areas, refused to use the results to reapportion the House of Representatives.

At issue this time is the Census Bureau's plan to forgo its traditional, and some experts say failing, method of trying to physically count every person in the country. Instead, the bureau proposes to try to count all the people in 90 percent of the households in each census tract, which is a geographical area consisting of about 1,700 dwellings.

Using those figures, bureau statisticians would try to determine the number of people in the tract who had not been physically counted. The bureau would then check for accuracy by conducting a survey of 750,000 households nationwide and making any needed adjustments to the final total.

The statistical sampling plan was prompted by the 1990 census, which cost \$2.6 billion, a 400 percent increase over the previous head count, in 1980, even after adjusting for inflation. The 1990 effort missed 10 million people and double-counted 6 million, according to Census Bureau studies and a study by the National Research Council, an arm of the National Academy of Sciences.

Most Republicans vigorously oppose the plan for sampling, arguing that it violates Article I of the constitution, which calls for an "actual enumeration every 10 years, and that it is much too complex for the Census Bureau to perform successfully.

But the proposal is staunchly supported by many Democrats, who assert that it is the only way to get an accurate tally of minorities, particularly inner-city blacks and Hispanic migrant workers, who are traditionally the hardest to count.

Beneath the assertions about constitutionality and fairness and the discussion over statistical methods lies a raw political fight that is based on race and redistricting. And the outcome, some experts say, could be critical to which party controls the House and state legislatures in the beginning of the next century.

Both sides say the Census Bureau's sampling method would probably help Democrats and harm Republicans, but no one is quite sure.

Sampling may increase the count of minorities, primarily blacks, who are the Democrats' most loyal voters, in some congressional and state legislative districts. Since these districts tend to be safe ones for Democrats, boundaries could be redrawn by state legislatures to shift some of the "surplus" black voters into neighboring white districts, making these districts more competitive for the Democrats.

"The Republicans are very much aware of this," said a Democratic redistricting expert. "That's why they're fighting it. They're scared they're going to lose the House. Frankly, I don't see that it would make a 12- to 20-seat difference. It might make a 6- or 10-seat difference. But given the situation we have right now, that's huge."

Indeed, the Republicans are very much aware. Some even argue strongly that the reasons the party has a slim majority in the House have less to do with ideology and more with the fact that the 1990 census was conducted in the traditional way.

Last year, Jim Nicholson, chairman of the Republican National Committee, sent a memo to his state chairmen, urging them to join in the fight against statistical sampling, saying the method could jeopardize 24 House seats, 113 state senate seats and 297 state house seats.

## Mexico Steps Up Ousters Of Chiapas Rebel Backers

The Associated Press

MEXICO CITY — Mexico has begun the deportations of 12 foreigners for allegedly interfering in the nation's internal affairs by helping to form a parallel local government that supported rebels in the south.

The mass expulsion, which was to be finished Monday, was the largest yet in a crackdown on foreigners accused of stirring up trouble in the state of Chiapas, where the leftist Zapatista National Liberation Army staged a brief rebellion in 1994, demanding improved rights and living conditions for Indian peasants.

The deportees were arrested Saturday, government officials said Sunday night at a news conference in Mexico City. The arrests took place during a raid by 750 Mexican police and soldiers on Tapirulas, a village near the Guatemalan border where a so-called autonomous town council had been formed.

Late Sunday, 10 of those arrested — three Americans, four Spaniards, two Belgians and a German — were put on flights for their homelands at Mexico City's international airport, the official Noemex press agency reported. Two Canadians who were arrested were to be put on a flight to Canada on Monday.

"The government of Mexico has no conflict with foreigners," Alejandro Carrillo Castro, commissioner of the National Immigration Institute, said at the news conference. "Those protected by our laws assume an obligation to respect Mexican law."

Immigration officials in Chiapas broadly interpret a constitutional ban on foreign interference in politics and have deported foreigners for attending rebel-sponsored events or otherwise participating in politics. At least eight other foreigners have been deported since January on such grounds.

Police officers transporting the 12 deportees to Mexico City clashed Sunday with two news photographers at the airport in the capital of Chiapas, Tuxtla Gutierrez. The photographers, who were taking pictures of the departure, asserted that police officers had beaten them with rifle butts. Pascual Gorriaz Marcos of The Associated Press suffered a gash on his head and Oriana Elicabe of Agence France-Presse was bruised.

The state government said the incident began when an officer escorting the pair from a restricted area was bitten by Miss Elicabe and kicked by Mr. Gorriaz Marcos. Both journalists disputed that account.



An officer dragging an Associated Press photographer, Pascual Gorriaz Marcos, who was trying to cover the deportees' transfer in Tuxtla Gutierrez, Mexico. He was hurt, as was Oriana Elicabe, who took this picture.

## MEXICO: Senator's Raid Exposes 7 Years of Illegal Wiretapping by Government

Continued from Page 1

tional Action Party, is a declared candidate for the presidency in the elections in 2000.

In a nation that is struggling to make the transition from a government controlled by a single political party for nearly 70 years to a multiparty democracy, increasing numbers of politicians and private citizens have begun to speak out against the eavesdropping.

"It is a horrible, filthy method of political control," said Marielaire Acosta, president of the Mexican Commission for the Defense and Promotion of Human Rights, who said she was a regular target of wiretaps. "It's a fundamental violation of the right to privacy."

The bugging operations have become particularly troublesome in recent years with an explosion in kidnapping, drug trafficking and other crimes that many citizens and human rights activists say has been abetted by corrupt law enforcement officials with access to wiretaps.

As always, every government agency identified with the electronic surveillance operations — the federal attorney general and Interior Ministry, the military, the national security agency and a plethora of state institutions — has denied any knowl-

edge of bugging activities. In Campeche, the state on the Yucatan Peninsula where Senator Sansores found the eavesdropping equipment, officials declined requests for interviews.

"The governor of Campeche is not involved in any case of espionage," a spokesman for Governor Jose Gonzalez Curi said.

Officials of the governing Institutional Revolutionary Party have accused Senator Sansores of manipulating the information to buttress his claims that the party used fraud to defeat her in the gubernatorial election last year.

Although wiretapping was illegal in Mexico until last year — when a

new criminal law package was approved allowing court-ordered wiretaps for law enforcement purposes — bugging scandals have made headlines regularly for years. But never before have victims hit the evidentiary jackpot that Senator Sansores discovered on March 3.

Tipped off by an anonymous note pressed into her hand during a campaign rally, she said she had spent several months looking for the spy center. On the night she knocked on the front door of the building, she was accompanied by 300 supporters who encircled the house to prevent workers from carrying away evidence.

She and her aides collected thousands of files. They unearthed records

that showed state government checks had been used to buy more than \$1.2 million in surveillance equipment from Israel. They found certificates of commendation issued to two operators, one an employee of the Mexican national security agency, another a military intelligence specialist. They found a list of names of the main bugging victims. And they found thousands of pages of transcripts of telephone conversations and boxes of audio tapes dating from 1991.

As the senator was combing through the documents, she said Valente Quintana Gonzalez, who according to the records was the operational director of the center with ties to the national security agency, approached her and said: "You were my obsession for seven years. Seven years listening to your voice starting at 7 A.M., transcribing your conversations."

Mr. Quintana was one of three employees at the center who were arrested on wiretapping charges, according to the federal attorney general's office. All have since been released on bail. Lawyers for the three men did not return telephone calls to discuss the cases.

Sensor Sansores said that documents discovered in the Campeche center indicate that there are 22 similar operations throughout the country.

## 11 Killed Near Colombia Kidnap Site

The Associated Press

BOGOTA — Rebels and soldiers clashed in a mountainous region close to the area where leftist guerrillas may be holding four kidnapped foreigners. The army said Monday that 11 soldiers and an equal number of rebels had been killed.

The fighting with the Revolutionary Armed Forces of Colombia occurred Sunday near El Calvario, 90 kilometers southeast of Bogota, the

army said. Ten other soldiers were wounded, it said.

The battle site was close to the place where the rebel organization is believed to be holding three American bird-watchers and an Italian businessman who were seized at a roadblock on March 23. The army did not mention the kidnapping victims. But it said it was engaged in combat with the same rebel battalion that was holding them.

## INVESTORS: U.S. Says Wealthy Foreigners Manipulate Immigration Program

Continued from Page 1

But when immigration officials moved this year to revoke more than 5,000 visas granted under the program, mostly to immigrants from Taiwan, China, South Korea and Hong Kong, a number of influential lawmakers from both parties, including Senator Edward Kennedy, Democrat of Massachusetts, protested that the government was changing the rules in midstream.

The immigration service, the lawmakers said, knew all along what the investors were doing and never raised an eyebrow when the government approved the visa petitions. The law-proposed visa freeze the agency has imposed on most new visas — until it sorts out what kinds of investments are allowed — saying it has stymied growth in economically depressed parts of the country that the program was intended to help invigorate.

"For months, American jobs, created by the investor visa program, have been ensnared in bureaucratic red tape," said Representative Lamar Smith, Republican of Texas, who heads the House Judiciary subcommittee on immigration. "Job opportunities have been stifled by a heavy-handed government agency."

In response to the criticism, the immigration service backtracked a bit late last month, allowing 1,500 investors and their families, who had

received green cards, to stay in the United States.

But hundreds of other applicants in the pipeline will have to refile their petitions under the new guidelines, a process that could take several months. Critics say the immigration service has failed to publicize this decision, leaving immigrants and their consultants in limbo.

"The immigration service is wreaking havoc on everyone's lives, and it makes zero sense to me," said Denise Sabagh, a former president of the American Immigration Lawyers Association, who now represents one of the consulting firms.

The issue has rekindled a fierce debate over the propriety of using permanent residency visas in an effort to attract foreign capital and create, or at least save, American jobs.

The uproar also underscores deficiencies within the immigration service. Its loosely worded regulations are an easy target for firms looking for loopholes. And its examiners, who are trained to ferret out most immigration fraud, are ill-equipped to address increasingly complicated financial plans.

"The INS, unlike the IRS, isn't typically an agency that has to police against highly sophisticated investment devices," said David Martin, the former general counsel of the immigration service whose blistering 36-page memorandum in December

became the centerpiece of the government's review of the program.

For the immigration service, the visa program is the latest in a string of contentious issues to catch the attention of the Republican-led Congress, which over the past year has criticized the agency for wrongly naturalizing tens of thousands of immigrants and has even suggested abolishing the service altogether.

The immigrant investor program, which offers 10,000 visas a year, has never caught on the way its proponents had hoped. Until two years ago, the immigration service never issued more than 600 visas a year to investors and their immediate family members.

Congress created the program in 1990 to compete with such other countries as Canada and Australia that offered similar visas to attract capital and create jobs. But the American model required larger investments, the hiring of at least 10 employees who were not related to the investor, and an audit two years after the visa was issued to ensure the investment and employees were still in place.

In the past two years, immigration officials say that consulting firms have devised savvy business plans and stepped up their marketing, particularly in Asian and Middle Eastern publications. The number of visas issued to investors jumped from 295 in fiscal year 1996 to 1,110 in fiscal 1997.

At the same time, American consular officials in Tokyo, Taipei, Seoul, Hong Kong and Guangzhou, China, raised questions about dozens of visa petitions. Consuls found that many plans called for a down payment, typically \$150,000 on a \$500,000 investment, and arranged a promissory note for the remainder. After two years, the investor would get a green card, and then, the plans suggested, the remaining \$350,000 would be forgiven.

Last month, the California Department of Corporations ordered a Virginia-based firm, Interbank Immigration Services Inc., to stop offering investment programs to wealthy immigrants. The company, California officials said, promised qualified immigrants a green card within eight weeks if they bought a stake in a Delaware limited partnership. The stakes were in turn sold to a Bahamian enterprise for an annuity that matured in five years. But state officials said investors had no guarantee they would ever realize the promised benefits.

Reports like this prompted the immigration service to conduct its review. "Little by little, the program may have gotten out of control," said a State Department official familiar with the visa program.

But many consulting firms say they have followed the rules, and are being penalized for the abuses of a few or by lax oversight by immigration officials.

## BRIEFLY

### Court Refuses to Release Moderate Tehran Mayor

TEHRAN — A court has rejected an appeal by the mayor of Tehran, Gholam-Hossein Karbaschi, to be released from prison where he is being held on corruption charges, Iranian newspapers reported Monday.

A judge at a review court ruled that the mayor's protest was not sustained and approved the original ruling by the special court for offending bureaucrats, the Kayhan daily said. Mr. Karbaschi, a moderate who is close to President Mohammad Khatami, was arrested April 4 in connection with a corruption scandal. The case has brought into the open a simmering dispute between conservatives and moderates. (APF)

### Botha's Trial to Open Amid Protest by ANC

GEORGE, South Africa — Former President Pieter Botha will go to trial Tuesday for refusing to testify before the Truth and Reconciliation Commission about security-force actions during his administration.

The governing African National Congress, which Mr. Botha sought to crush in order to maintain white minority rule, plans to picket the court. The ANC also set a larger demonstration for Friday, which is expected to be the last day of the trial.

Mr. Botha, 82, is charged with contempt. If convicted, he could face a fine of up to 20,000 rand or two years in prison. (Reuters)

### Rebel Commander Seized By Turks in Northern Iraq

ANKARA — Turkish special forces captured a senior commander of rebel Kurds in Turkey in northern Iraq and brought him back to Turkey, the Anatolian News Agency said Monday.

The Turks landed by helicopter in D'ok, about 50 kilometers south of the Turkish border, and captured the commander, Semdin Sakik, and his brother as they were leaving a house, the agency said, quoting NTV television.

Mr. Sakik took refuge with an Iraqi Kurdish group last month, reportedly after falling out with the leader of the Kurdish Workers Party, Abdullah Ocalan. (AP)

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## EDITORIALS/OPINION

# Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Russia and Latvia

A row between Russia and Latvia has reached a worrying stage. The Russian government last Wednesday announced economic measures — not "sanctions," its spokesmen insist — against its small Baltic neighbor. Latvia says some measures, such as interference with exports on their common border, already are in place. In Moscow, the anti-Latvia rhetoric has been extreme and inflammatory — although the worst has come from opposition politicians, not those in government. In Riga, bombs have exploded, including outside the Russian Embassy — provocations, clearly, although on whose behalf is less clear.

The ostensible reason for this escalating dispute is Russian indignation at the treatment of Latvia's large population of Russian-speakers. This is a painful problem in which both sides can claim, with some justification, to be victims of history.

The Soviet Union illegally occupied Latvia for 50 years, deliberately encouraging Russians to settle there while deporting many Latvians to Siberia. When Latvia recovered its independence in 1991, it recovered a state only 56 percent Latvian and in danger, many feared, of losing its essential cultural and linguistic identity. Not unreasonable, then, to demand some language proficiency as a condition of citizenship. Latvian officials say.

Russian-speakers have a different view. Through no fault of their own, they argue, they woke up one morning to find themselves stateless. Many are too old to learn a challenging new language; not fair, then, that they

should be denied the privileges of citizenship in a land where they may have been born and where they have worked honestly all their lives.

This is not a new problem; why tensions should erupt now is not certain. Russia's looming presidential campaign; its interest in staking a claim to assets being privatized in Latvia; simply the perception that in Latvia, with a tottering coalition government, is weaker than its Baltic neighbors, Lithuania and Estonia — all that may play a role.

In any case, Russia is entitled to apply sanctions if it chooses; given its policy toward Cuba, the United States could hardly claim otherwise. But sanctions in this case are likely to hurt many Russian-speakers while encouraging Latvia to reorient its economy more quickly to the West. More constructive would be to reassure Latvia that Russia has abandoned any imperial pretensions, thereby rendering the Latvians more secure and perhaps more generous toward the Russian-speaking population.

Most disturbing in this crisis has been the behavior of French, German and, most recently, Italian officials who have traveled to Moscow and joined in Russia's application of pressure on Latvia. If Western Europe believes that Latvia should work harder to integrate its Russian-speakers — a reasonable position — the place to deliver that message is Riga. In Moscow they should be talking about the right of every nation, no matter how small, to live free of bullying and intimidation.

— THE WASHINGTON POST.

## Mission to Kabul

The Clinton administration's roving diplomatic problem-solver and UN representative, Bill Richardson, is bringing some timely American leverage to bear on the problems of civil war and fundamentalist repression in Afghanistan. Both problems flow indirectly from the war waged there in the 1980s between Soviet troops and American-backed Muslim guerrillas. That gives Washington special responsibility to work for an end to the fighting and for greater respect for human rights, especially those of women victimized by Islamic fundamentalist rule.

After driving out Soviet troops in 1989, Afghanistan's Islamic forces turned on each other. The ensuing civil war still rages in the far north. Since 1996, the remainder of the country has been ruled by the fiercely fundamentalist Taliban, which excludes women from public life and denies them any chance of education. The Taliban enforces its radical notions of Islamic purity through public stonings and street beatings.

The problems of this misgoverned country will not be resolved quickly. But Mr. Richardson's timing is propitious. He will arrive this week during

a lull in fighting before the winter snows melt, and will carry a UN peace initiative supported by all of Afghanistan's neighbors, several of which have been channeling support to competing Afghan factions. The most significant foreign involvement comes from Pakistan, which helps the Taliban, and from Iran and Russia, which give arms and other aid to its opponents. Interestingly, Afghanistan is proving to be an issue on which America and Iran share common goals and have been able to work together constructively.

Mr. Richardson should remind the Taliban that it risks losing needed international assistance if it continues impeding the work of foreign aid workers who are women. The United Nations has already suspended aid missions in southern Afghanistan over this issue. Mr. Richardson also needs to talk about the Taliban's mistreatment of Afghan women, which Secretary of State Madeleine Albright has rightly characterized as "despicable." Afghanistan's people have lived through nearly 20 years of war and suffering. They deserve the earliest possible relief.

— THE NEW YORK TIMES.

## Tax Week Noise

This is Tax Week for Americans, and the worst thing about it may not be the taxes themselves but the commiserating rhetoric of the politicians who, having created the present tax system, will spend the next days deploring it as if it were the handwork of strangers. It will not be just themselves they will try to leave blameless, either. They will sympathize with the public for having to pay the cost of services that, if you believe this is a representative government, the public itself demands.

That's the ritual; much of what you hear will be wrong.

Anti-tax groups typically use the occasion to exaggerate the burden — the share of income that most people pay. They like to say the average household pays between 35 and 40 percent of its income in taxes of all kinds — federal, state and local. The true figure is between 25 and 30 percent, depending on the method you use. The anti-inflation in part by simply dividing total taxes paid by the number of taxpayers, conveniently leaving out of the calculation precisely the aspect of the tax system to which many of them most object — the fact that it is progressive.

Much of the income in the country is bunched at the top, and high-income people are taxed at higher rates. The average family only wishes it had enough income to be taxed at the rate

that the anti-tax groups ascribe to it. The federal tax burden of the typical family has been relatively stable in recent years, say, since the mid-1970s. The total has not gone up. It is the mix that has changed. The income tax accounts for less, and the regressive Social Security-Medicare tax for more. Again, the critics this week are likely to leave that out.

There will be a lot of complaint, with cause, about the complexity of the code. Some of the loudest complainers will turn out to have been among the greatest complainers.

And complication is not all bad; it is one of the ways by which Congress tries to adjust the code to individual circumstances, which is to say, to achieve fairness.

Still, you will hear no end of talk as the week wears on about the virtues of simplification, a flat tax, a sales tax instead of the income tax, etc. The impression is often created that simpler will mean lower. But most of these proposals that would not reduce the burden so much as redistribute it. Those at the top would pay less, middle-income families more.

The current tax code is anything but perfect. It could indeed use some careful thought. Unfortunately, this is the week of the year when it is least likely to get it.

— THE WASHINGTON POST.

## As in Northern Ireland, So in the Middle East?

By Anthony Lewis

NEW YORK — No conflict on earth seemed more intractable than Northern Ireland's. The mixture of nationalism and religion numbered reason for centuries. In the last 30 years more than 3,000 men, women and children were killed by one side or the other.

Yet now the main Republican and Unionist parties, whose faith for so long allowed no compromise, have agreed to a settlement. Much may still go wrong, but for the first time in our lives it is possible to think of the Irish Troubles in the past tense.

How did it happen, this wonder of a settlement? The question is important not just for Ireland but for other persistent conflicts, notably the conflict between Israelis and Palestinians.

One reason an Irish settlement was possible is that, underneath the rhetoric of fear and hate, realities had changed.

The Irish Republic was no longer dominated by a rigid Roman Catholic orthodoxy that alarmed northern Protestants. Nor was the desperately poor country whose main export was emigrants. It was an increasingly prosperous country, well educated and very much part of the European Union.

On the other side, the old Republican image of a rapacious Britain holding

onto Northern Ireland for colonial exploitation was passé. The only reason Britain holds to the union with Northern Ireland is a sense of responsibility to the Protestant loyalists there.

A Conservative British prime minister, Edward Heath, put forward the idea of power-sharing in Belfast 25 years ago, only to have the Unionists reject it. Now a Labour prime minister with an enormous majority in the House of Commons, Tony Blair, was in a position to press hard for compromise. He did so, working with the Irish Taoiseach, Bertie Ahern.

Finally, and crucially, there was American leadership. President Bill Clinton took a real risk in letting the Sinn Féin leader, Gerry Adams, visit the United States — and that helped bring the IRA into the process. He was on the telephone through the last night, urging the negotiators on. And former Senator George Mitchell was the irreplaceable pilot of the negotiations.

The American role was made possible by maturing political attitudes among American politicians of Irish origin. The old tendency toward pro-

Republican sentiments and suspicion of Britain faded. Senator Edward Kennedy spoke for many in his strong support of a negotiated settlement.

But in the end it was the feeling among the people of Northern Ireland that made the difference. Most yearned for peace, and came to see that there was no other way to it than political compromise.

In the Middle East also, two peoples are in the same small piece of land. And here again there is only one way to a peaceful life — a decent life — for both. That is withdrawal of Israel from most of the West Bank and Gaza and the establishment there of a Palestinian state.

That is what Yitzhak Rabin came to understand as Israel's prime minister: that there could be no peace unless the Palestinians had a place of their own. It was not something that this unsentimental old soldier desired. Sheer intellectual honesty brought him to recognize a truth that he did not like.

That is why Mr. Rabin signed the Oslo Agreement. It is why he persisted in carrying out the terms even when Palestinian terrorists tried to undermine Oslo by murder. He persisted until an Israeli terrorist with the same aim killed him.

Now Oslo is dying. And anyone prepared to look at the realities without bias knows why. An Israeli prime minister who depends on the support of religious-nationalist ultras wants above all else to stay in office. If that means killing the chance for peace, so be it.

Benjamin Netanyahu's quibbling about withdrawal from this or that percentage of the West Bank only conceals the heart of the matter. That is that he opposes any solution that would give the Palestinians a viable state — tiny, disarmed, poor, dominated by Israel, but their own.

It is the opposite of Ireland, this leader who will not recognize reality. And there is another obvious difference from the conditions that produced agreement in Belfast. President Clinton has not dared to lead.

Mr. Clinton knows as well as anyone how disastrous the Netanyahu policy is for Israel. But, unlike Irish-Americans, many in the American Jewish community have acted as Mr. Netanyahu's bidding to oppose American leadership for peace.

Most Israel follow the Irish example and endure more decades of violence until reason breaks free?

The New York Times.

## Time for Clinton to Back His Own Mideast Peace Initiative

By Saeb Erakat

JERICHO — Madeleine Albright recently assured members of Congress that the U.S. administration would not make public any proposals aimed at breaking the deadlock in the peace process between Palestinians and Israelis.

Not making proposals public means that the administration will not even blame Prime Minister Benjamin Netanyahu for the stalemate between Palestinians and Israelis. As a matter of fact, Mr. Netanyahu requested that the proposals not be made public.

President Yasser Arafat responded positively to the American ideas. In his reply to President Bill Clinton's letter, he reiterated his commitment to the peace process and agreements signed, and also gave a positive response to the intended American initiative.

Prime Minister Netanyahu publicly said "no" to the

American ideas, but the administration believes that confronting him will not put the peace process back on track.

Instead, the administration wants to continue with the process. Ambassador Dennis Ross will come again to the region. Secretary of State Albright may meet Mr. Netanyahu in Europe, and President Clinton may invite him to Washington. It is exactly what the prime minister of Israel wants — to process and not peace.

Since August, Secretary Albright has engaged in an effort to revive the peace process. She has met Mr. Arafat and Mr. Netanyahu six times each. Mr. Ross has come to the region in this period six times. Palestinians and Israelis have been to Washington several times.

Mr. Netanyahu wanted to wait until after the Israeli budget was approved; then came the who-is-a-Jew question, and later the Iraqi-U.S. crisis. Now what will be Mr. Netanyahu's excuse?

In our various meetings with Secretary Albright she used to repeat that she would not hesitate to point a finger at a party which rejected American ideas. "My patience is running out," she said. Maybe her finger was ready to be pointed at Mr. Arafat, but as far as Mr. Netanyahu is concerned it is another story.

Americans, Palestinians, Arabs, Europeans and even Israelis all know Mr. Netanyahu's intention to link Israel's security to territory. Thus, the issue is not about 9, 10, 13 or even 40 percent. The Israeli government has decided to undermine the Palestinian people's aspirations to establish a homeland on the

June 4, 1967, West Bank and Gaza Strip.

This means that Mr. Netanyahu could not coexist with the Oslo accords, or with any peace accord based on the concept of land for peace.

Knowing that Palestinians are no match for him in the U.S. Congress and in public relations, Mr. Netanyahu adopted a policy of blame for Palestinians and fear for Israelis.

The term "reciprocity" was introduced in order to enable Mr. Netanyahu not to implement commitments of the Interim Agreement and other Israeli obligations.

The Palestinian Authority, as far as Mr. Netanyahu is concerned, will never do enough in the sphere of security. And there will always be something that the Palestinians will do wrong, which will be used by him as an excuse for not implementing agreements.

It should be noted that according to Mr. Netanyahu's "vital interest map," Israel will retain 60 percent of the West Bank. This demonstrates that his government is more interested in annexing territory than in achieving peace.

Mr. Arafat gave a positive response to the American ideas. Mr. Netanyahu said "no." Mrs. Albright doesn't want to go public with her ideas. Dennis Ross wants more meetings. And the idea of peace is dying in the minds of Palestinians and Israelis.

Time is crucial, and maybe it is time for President Clinton to say "yes" to the American initiative.

The writer is chief Palestinian negotiator and minister of local government in the Palestinian Authority. He contributed this comment to the International Herald Tribune.

## East Asians, Too, Should Note the Anglo-Irish Way to Peace

By Gerald Segal

LONDON — The Asia-Europe summit that ended on April 4 in London was dominated by expressions of European concern for Asian woes. Little attention was paid to the most intense discussions at the summit — those between the British and Irish prime ministers as they coordinated positions on the peace deal for Northern Ireland that was finally concluded last Friday.

Asian leaders might have paid more attention, for the deal has some of the hallmarks of Asia's supposedly distinctive forms of conflict resolution.

The Anglo-Irish conflict, like most others, is seen by its protagonists as unique. Yet no conflict is fully unique, and there is usually something useful to be learned by watching how others negotiate. Asians will be intrigued by the "Asianess" of key parts of the Anglo-Irish deal.

East Asians are constantly trumpeting the virtues of their informal diplomacy designed to change long-term attitudes rather than reach intricate legal accords. The Anglo-Irish agreement certainly falls into the category of ambiguous accords. Its terms are so

vague that each side can interpret it liberally and still believe that the force of history is on its side.

East Asians will also recognize the virtue of a deal negotiated with intense informality, behind closed doors and with senior leaders using their very personal styles to reach agreement.

The accord may have more than 60 pages, but it was the personalities, especially of the prime ministers, that made the deal possible. The protagonists will count on the personal commitments of the leaders to ensure that it works in the long term. The agreement was the result of what East Asians call the rule of men, not the rule of law.

Although there was no external power that imposed a deal, there was a very useful role for external facilitators and mediators. East Asians and others might learn from this. By common consent, former U.S. Senator George Mitchell played a pivotal role, and his Canadian assistant, General Jean de Chastelain, was a valuable go-between.

As East Asians contemplate the value of the "good offices" of the chairman of the ASEAN Regional Forum in preventive diplomacy, there is something to be learned here. Those who claim that the need to base any agreement on the comfortable consent of the parties should now see how the good offices of a sensitive chairman can make an accord more achievable.

There is also something useful to be learned from the careful ways in which cross-border arrangements are being established for narrow technical issues, such as fisheries. The idea is to build confidence by doing small-scale practical things.

As East Asians consider whether the Regional Forum should undertake serious confidence-building measures to help buttress stability and security, they should study the Northern Ireland precedent. Slow but steady institutionalization of diplomacy that constantly stretches the limits of agreement clearly has its virtues.

Participants in other conflicts might also reflect that the Northern Ireland agreement shows that democracies can

make peace. The presence of men of violence does not require authoritarian rulers to impose peace.

Nor does all the violence need to stop before the negotiators can agree. (Jerusalem, take note.) One of the implicit strengths of the Irish deal is the recognition that true peace will take generations to build, and that in the meantime some violence is likely.

The problems of Korea, Cambodia, the South China Sea and China-Taiwan relations are obviously very different from Northern Ireland. There may be more appropriate lessons for the combatants in the Arab-Israeli dispute, and especially in the Cyprus problem.

But the fact that so much progress has been made in a centuries-old conflict in a remote corner of northern Europe should be encouraging to those seeking solutions to their supposedly unique and intractable troubles.

The writer is director of studies at the International Institute for Strategic Studies and director of Britain's Pacific Asia Program. He contributed this comment to the Herald Tribune.

## Ukraine Needs to Get the Reform Effort Moving Again

By Strobe Talbott

WASHINGTON — Post-Communist countries face a dilemma. As economies in transition from central planning to the open market, they must cut back drastically on massive deficits and state subsidies to inefficient industries. And as fledgling democracies, their citizens are, often for the first time in their lives, free to vote for their political leaders.

So elections reflect not just the citizenry's aspirations for a better future, but also its discontent with the near-term pain that inevitably accompanies reform. The result is often, in effect, a comeback for current or former Communists.

In recent years, versions of this scenario have played out in Poland, Lithuania, Russia and Hungary. The latest example is Ukraine, a country whose stability and security matter profoundly to Europe and the United States.

In elections on March 30, ago, the Communist Party led the balloting in a majority of localities and won the largest bloc of seats in the Parliament. Its stated policy goals include the reversal of some key elements of Ukraine's privatization program, as well as partial renationalization of industry and the banking system.

The United States has supported political and economic reform in Ukraine since the country gained independence in 1991, and it views the election results with concern. However, the ability of the Communist Party to turn back the clock is

severely limited. Ukraine's need for access to international investment capital and development assistance is likely to prove stronger than the siren song of a bankrupt ideology.

The IMF and the World Bank have made clear that they will withhold further support until Ukraine makes progress on some long-postponed reforms. Most important are restructuring of the energy and agricultural sectors, imposition of greater discipline in government spending, and measures to control widespread corruption.

On her visit to Kiev last month, Secretary of State Madeleine Albright urged Ukraine's leaders to take those hard but necessary steps. Otherwise, Ukraine will be unable to provide hope of prosperity for its citizens and to integrate with the outside world.

These twin disabilities could put Ukrainian security in jeopardy. Ukraine is in certain respects a fragile state. The biggest source of its fragility is an economy that repels rather than attracts foreign investment and has so far failed to produce the kind of benefits that people in other post-Communist societies have begun to take for granted.

After the elections, the critical question is whether the Parliament will work with President Leonid Kuchma in the larger interest of the country to get economic reform moving again.

Ukrainian democracy faces

its next test in 18 months, in the October 1999 presidential election. Officials from both the legislative and the executive branches may be tempted to defer difficult decisions so that they can say and do things that they believe will earn favor with the voters. Finger-pointing, demagoguery, empty promises and inaction on economic reform will make things that much worse in October 1999.

While there is cause for concern about what lies ahead, there are reasons for optimism as well. In the seven years since independence, Ukraine has made some brave, forward-looking decisions, from joining the nonproliferation treaty as a non-nuclear-weapon state in 1994 to ceasing all cooperation with Iran's nuclear program and reaching out across divides of history and geography to its neighbors, particularly Russia.

Even the latest elections contained encouraging signs that Ukrainians are dealing with their ethnic and cultural differences through peaceful, democratic means.

The results indicate that members of the Russian- and Polish-speaking minorities tended to cast their ballots for candidates on the basis of their stands on issues, not on the basis of ethnicity. That helps rebut the prophets of doom who predicted that it would be on the rocks of ethnic separatism that the Ukrainian ship of state would founder.

These examples of good citizenship are incentives for the major industrial democracies to continue their support for Ukrainian reform.

For the United States, that means maintaining an array of programs that have made Ukraine the fourth-largest recipient of American assistance in the world — and the No. 1 recipient in the former Soviet Union.

It is in its own interest for the United States to help Ukraine achieve its potential to be a secure, democratic, prosperous, self-confident state, fully integrated into the Euro-Atlantic community. But Ukraine's leaders must do more to help us help them.

The writer is U.S. deputy secretary of state. He contributed this to The Washington Post.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1898: Row in Congress

NEW YORK — Congress called for immediate and forcible intervention by the President, but avoided asking for Cuban independence. A scene of indescribable violence occurred in the House. All the agony of the last two weeks broke loose at once. Members began to speak all at the same time, and then flew at each other's throats. Heavy books were hurled about and members rushed up and down the aisles yelling like madmen. Fists were clenched and more than one blow was struck.

### 1923: Seamstress Strike

PARIS — The "midinettes" employed by the dressmakers of Paris are on the warpath, demanding an increase in wages. Good humor is ever the rule among "midinettes." But it is a case of smiling faces put upon a serious situation. Having thrown

down their needles, the seamstresses are resolved not to pick them up again until they have obtained satisfaction. In a word, the springtime activity of the dressmaking establishments, always at its height in April, has been brought to a standstill.

### 1948: French Labor

PARIS — France's new non-Communist labor organization, the General Confederation of Labor-Force Ouvrière, was born yesterday [April 13] toward the close of a constituent congress attended by 1,435 delegates representing more than a million workers. The name was selected to support the claim that the organization has become the true representative of French labor. Its component unions withdrew last December from the Communist-led General Confederation of Labor (CGT). The slogan of the new organization is "freedom from all political control."

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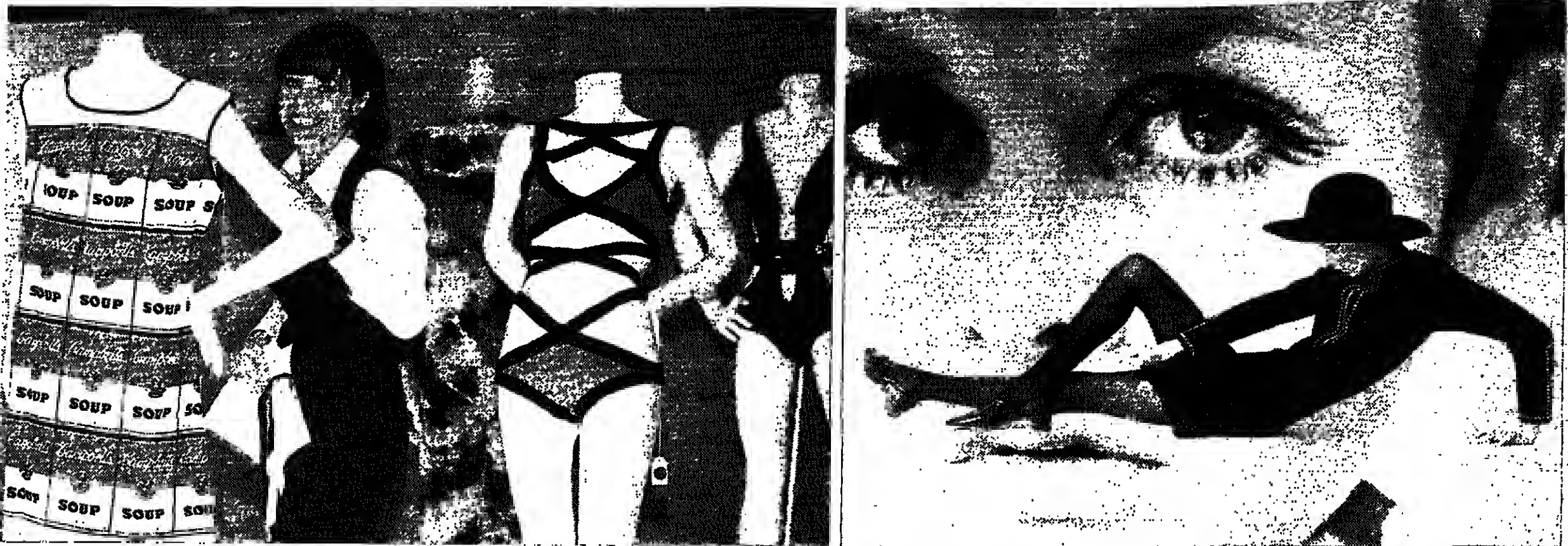
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# Cleaning Out the Closet? Beware the Hidden Collectible



Tiffany Dubin, head of Sotheby's fashion department, with a Warhol-inspired paper dress, Halston tie-dye caftan and Rudi Gernreich swimsuits; a photo of the model Twiggy by Gosta Peterson, which sold for \$3,000.

By Suzy Menkes  
International Herald Tribune

**N**EW YORK — Time to spring-clean your closets, to chuck out all those out-of-date, don't-fit clothes and aging accessories. Those ridiculous white Courreges ankle boots. OUT! That beat-up Hermes Kelly bag. OUT! And especially the washed-up Rudi Gernreich swimsuit from the 1960s.

WHOOPS! That bag of garbage was worth \$10,000 bucks. Those were the way-over-estimate prices earned by the three items at Sotheby's New York last week.

Although the "Nothing to Wear" auction sale on Wednesday was supposed to be about turning clothes into collectibles, you can't help thinking dollars and cents. If a red wool dress and jacket from Christian Dior went for \$43,125 after lurking in the back of some closet for 39 years, wouldn't it be smart to buy a few outfits today and lay them down like fine wine?

Or better still, rifle through the racks and send a bunch of stuff off to Sotheby's — and make enough to buy 10 new dresses?

Tiffany Dubin, the expert in charge and instigator of the auction house's second fashion sale, is at pains to point out that things aren't quite like that. "They have to be key pieces or from an extremely interesting designer whose work transcends mere clothing," she said to explain the criteria for judging what was worthy to be included in the 195-piece sale, which was glossily catalogued and dramatically displayed at the York Avenue premises in Manhattan.

The sale included historic, connoisseur's pieces from Mariano Fortuny, Elsa Schiaparelli and Charles Frederick Worth, early work by Yves Saint Laurent (which was bought by the Paris house for its future museum in Paris) and collector's items from fashion photographs through Louis Vuitton trunks and those 1965 Courreges boots. But whereas the first sale in October 1997

concentrated on haute couture, "Nothing to Wear" was eclectic.

"For this department to survive, we need to diversify," Dubin said. "It's not just about clothes, but anything to do with the world of fashion: books, dolls, drawings, photography."

The idea of fashion as art has been a leitmotiv of the 1990s, so it was no surprise to find that an Andy Warhol-inspired paper dress printed with Campbell's Soup cans should go for \$6,900. Or that a limited edition of James Rosenquist's paper suit should make \$1,725.

Yet the significance of the sale is that it included many items from the 1970s that until recently could have been found in thrift shops — or may still be in the back of mom's closet: a tie-dye caftan by Halston; dresses from Chloe, Zandra Rhodes and Giorgio Sant'Angelo, and a kitsch cream plastic telephone handbag, which sold for \$2,587 (estimate \$500 to \$700).

The sale totaled \$515,372. Dubin said that prices for 1950s to 1970s

"went wild," proving that "we are a fashion, not a costume, department." The results suggest that Sotheby's is attracting a generation that sees no stigma, but rather a cachet, in dressing as a Secondhand Rose.

There is nothing so new about selling vintage fashion, even at auction. The market has until now been held by a handful of international dealers and pioneered at auction by William Doyle in New York. But the imprimatur of Sotheby's and the fact that Dubin's department is treating the sales like decorative art gives fashion at auction a new dimension. The sales may even be creating a new client base that existing departments cannot reach.

"The kind of client who comes here to look at a Sarah Moon photograph would not go through 1,000 lots in a photographic sale," Dubin said. "This will introduce them in a gentle way to the auction process and make it user-friendly."

Critics of the sales are more cynical.

One dealer claimed (off the record) that there is no real market for high-priced fashion at auction, apart from museums, and that Sotheby's sales are just loss leaders to promote the company or to seek out hip, young, wealthy clients who can then be tapped for more serious sales.

**H**AMISH BOWLES, an editor at American Vogue, says he is a private collector who started buying vintage couture clothes because he is fascinated by the history of costume and it seemed "logical to collect elements of fashion history."

"There is a finite number of collectors, but I am absolutely not alone," he said, while admitting that "it is one of the least practical things," because of the problems of storage and care of fragile fashions and textiles.

Bowles suggests that Sotheby's sales are aimed less at collectors than at "extremely well-heeled fashion-conscious Upper East Side girls."

The idea — promulgated by Hollywood stars who wear vintage clothing — is to add a 20-year-old little black Chanel dress or a Gucci suede trench coat to a modern wardrobe. Indeed, all the potential clients previewing the sale on the previous Saturday were treating the purses, travel bags, jewelry and hats as though they were items on the sale floor at Barneys.

But just in case you are thinking of selling, not buying, this is Dubin's advice: Don't call her; photograph your potential sale item; don't bother unless it has a designer label; add all the details of purchase and provenance; try to find a magazine picture to give it credibility and documentation.

And yes, Sotheby's might take a significant item from the 1980s, like early Comme des Garçons, Jean Paul Gaultier or anything from Martin Margiela. As to what will be a collectible from the 1990s, Dubin has that all sewn up: Look for the underwear that Kate Moss wore in the Calvin Klein ads as the collector's item of the future.



Self-portrait of Karl Lagerfeld at the book table in his newly opened gallery in Paris.

## Lagerfeld, Up Close and Personal

By Suzy Menkes  
International Herald Tribune

**P**ARIS — How does Karl Lagerfeld describe the very personal store — all varnished old wood floors and precisely framed photographs — that he opened on the Left Bank last week?

"I don't like the pretentious note of Art Gallery with a capital A," the designer said as he arranged books on a circular oak table. "But gallery sounds better than shop, because it is not a commercial operation — it is something more private."

So Lagerfeld Gallery it is, written in thin, modernist script above the door at 40 Rue de Seine, where the polymath designer has realized his dream: to create in the heart of Paris an intellectual-cum-artistic space that is also a showcase for his work.

People are encouraged to browse through the books, look at the grainy, tinted photographs, try on a pair of sunglasses, purchase a Fendi bag or slip into an outfit or two. A capsule collection of men's and women's clothes (with Fendi furs added for the fall) is on sale down the slate-paved stairs.

The overall effect is of a stylish library, masculine in feel, with its color tones of chocolate brown and cream, its upturned-saucer lights ("maid's bed-

room lamps"), the antique, decorative cast-iron radiator and restored oak cabinets conserved from the building's previous life as a French publishing house. Tactile carved wooden male and female sculptures stand sentinel at the door.

"I didn't want chichi taste — just because I have powdered hair, should I live like a marquis?" Lagerfeld asked. "I've already got tons of places like that and I'm for turning pages — we are in fashion."

In a "close working relationship" with his interior designer friend, Andree Putnam, Lagerfeld converted the 400-square-meter (4,300-square-foot) space, carving out an office for himself at the back, linked by a wide corridor to the street-window side, with the basement fashion area below.

From a memory of a tennis club in Biarritz, he has created benches below the hanging rails where potential customers can put down their things, leaving the hands free. The central two-tier wedding-cake of a table is an idea taken from his own homes ("I can't live with-out big tables") as are the small, nail-studded stools.

Since Lagerfeld says that he now spends up to 50 percent of his time on photography, it seems inevitable that the gallery space should focus on that work. The main room has a series of poetic pictures of a house on the wilder

shores of Capri, each image one-of-a-kind and colored by a century-old printing technique to look like paintings, their frames stained to the same hues. All the photographs have a narrative style, like freeze-frames from an on-going story, whether in a series of portraits each featuring the same diamond brooch or the advertising campaign for Lagerfeld's new men's fragrance.

Surprisingly, the gallery seems less self-promotional than the more commercial designer stores. It looks more like a bookshop in a quiet provincial town.

Will Lagerfeld be main host, cutting back on his busy schedule to spend time at the gallery and greet the browsers? "This I never know — I like the idea," the designer said, but admitted that he is now off to photograph advertising campaigns for Fendi and for Hugo Boss — not to mention designing a new collection for Chanel.

And what about a series of Lagerfeld Galleries in other capital cities?

"It would be difficult to have the Left Bank somewhere else — it's a flavor you cannot export," he said. "I wouldn't make a fake French gallery — if I did it in Berlin or New York, it would have a different atmosphere. But I don't want it to be a huge business. I'm not about to go on the stock market. This is not about numbers; it is a private luxury."

### SOLIBO MAGNIFICENT

By Patrick Chamoiseau, Translated by Rose-Marie Rejouis and Val Vinokurov. 191 pages. \$23.00. Pantheon.

Reviewed by Richard Bernstein

**S**OLIBO the storyteller, the central figure of Patrick Chamoiseau's "Solibo Magnificent," dies on the very first page of this tragicomic novel of Martinican Creoles, and he dies in an impossible way — "snickt by the word," as Chamoiseau puts it, exclaiming: "Fata! sal... That potato!"

"Snickt" — not exactly nicked or slit but a little of both. The word is a clue to Chamoiseau's purpose and a sign of the deftness of the translation of this novel from French and Creole by Rose-Marie Rejouis and Val Vinokurov. Snickt, of course, will not be found in the dictionary, and yet it has such a precise, onomatopoeic ring to it that we are pretty much unconscious of its official nonexistence. In this sense it suggests not just Chamoiseau's sly inventiveness but also the otherness, the invisible genius of the people that Chamoiseau has burst on the scene to portray. "Solibo Magnificent" centers on the poignant untranslatability of two cultures, one represented by the Francophone police of Martinique, the other by the deceased storyteller's Creole admirers.

In her Afterword, Rejouis informs us that snickt is a rendering of Chamoiseau's original *egorgette*, which is itself a neologism in French. Snickt, in other words, is a linguistic invention in one language that perfectly incarnates a linguistic invention in another. It prefigures the surreal preposterousness of Chamoiseau's Creole world, whose qualities, normal to its inhabitants, will seem as if viewed through a deforming lens by outsiders. But it also shows that a story about untranslatability can, in fact, be translated. That single word snickt, like Chamoiseau's novel, is a treat.

Chamoiseau and his co-translators are making their second appearance in English. Last year, I waxed rhapsodic about "Texaco." It is the rich, dazzling, mock-epic telling of the pre- and post-slavery history of Martinique, and it signaled Chamoiseau's arrival on the scene as a major literary figure.

"Solibo Magnificent" comes before "Texaco" in Chamoiseau's still short list of works. It is a kind of precursor book, not as grand or as astonishing as the later work but standing on all fours as a demonstration of Chamoiseau's striking originality. In form it is a rucous, verbally luxurious parody of a police mystery. It shows the ham-handed, culturally blinkered members of the local gendarmie investigating the curious death of Solibo, whom they assume to be a murder victim. The police specifically are Chief Sergeant Philemon Bouafesse (a bit of French wordplay suggesting something like wooden backside) and Chief Inspector Evariste Pilon, a more probing and probative figure than Bouafesse but, in the early stages at least, no more insightful.

Bouafesse and Pilon treat the several witnesses to Solibo's death as suspects. These include Chamoiseau himself, who has been carrying out an ethnographic investigation of Creole storytelling and self-mockingly describes himself as a word scratcher. ("No, not writer: word scratcher, it makes a huge difference, Inspektor.") Each of the witness-suspects tells his vision of Solibo and why he had long before earned the appellation Magnificent. As they do so, the gap between the Frenchified world of the police (who are, like all of the characters in this book, what Chamoiseau calls "black-men") and the semi-French semi-Creole world of Solibo yawns ever wider.

What killed Solibo, as it turns out,

was not a murderer but the choking off of a form of aesthetic wealth, the cultural richness of a people, to his credit, Chief Inspector Pilon finally comes to understand. "What do you think 'snickt by the word' is?" Pilon asks after the fruitless interrogations of Chamoiseau's tribe of local people has finished. The answer: "Solibo wanted to inscribe his words in our ordinary life, but our life no longer had ears nor hollows where an echo would abide eternal."

This might sound as though "Solibo Magnificent" is didactic in tone, but it is not. Whatever cultural lesson Chamoiseau wants to impart is too well embedded in a funny, earthy, verbally luxuriant narrative to come across as a lesson in post-colonial politics.

New York Times Service

### BOOKS

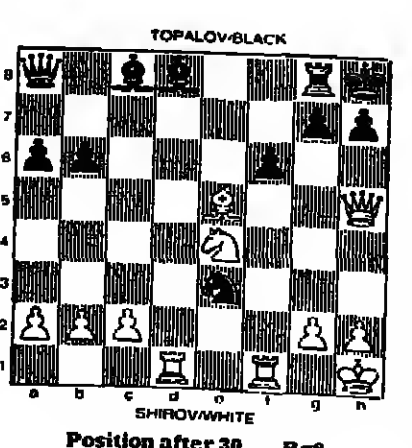
### CHESS

By Robert Byrne

**I**N his Round 3 encounter with the Bulgarian grandmaster Veselin Topalov in the superluminous at Linarcs, Spain, Alexei Shirov showed off the blazing tactical style that makes him so feared. The Paulsen Variation of the Sicilian Defense, 4...a6, keeps a low profile to make it difficult for White to find targets of attack. It also gives Black flexibility in piece development. But Black cannot go on forever without seizing more terrain. Driving back the d4 knight with 5...Qb6 6 Nb3 forestalls an early white attack by pieces. The possible gambit with 6 Be3? may not be sound after 6...Qb2 7 Nbd2 Bc5.

After 9...Be7, the game had transposed into a Scheveningen Variation, but Veselin Topalov was in for a little surprise: 10 e5! It can be seen after 10...de 11 fe Nf6? 12 Bf4 Nc6 13 O-O that Shirov was offering a gambit, accepted by 13...Nde5.

What was his compensation for the pawn after 16...O-O, with Topalov also having the bishop pair? The key was his 17 Qg3, which threatened 18 Bh6. If 17...f5, then 18 Nd4! fe 19 Rh6 Rf7 20 Rf7 Kf7 21 Qg7 Ke8 22 Rd1! Bd7 23 Qg8 forces mate.



SICILIAN DEFENSE			
White	Black	White	Black
Shirov	Topalov	Shirov	Topalov
1 e4	c5	18 Be7	Qa7
2 Nf3	e6	19 Nd4	Re5
3 d4	cd	20 Bb6	Qb8
4 Nd4	a6	21 Bc7	Qa7
5 Bb3	Qb6	22 Nb6	Re5
6 Nb3	Qc7	23 Na8	Qa8
7 Qe2	Nf6	24 Rd1	Re5
8 Nc3	d6	25 Bc6	Ba8
9 f4	Be7	26 Ne5	b6
10 e5	fe	27 Ne4	Nd4
11 fe	Nf6?	28 Be5	Nf5
12 Bf4	Nc6	29 Qg4	Ne3
13 Qg3	Rg8	30 Rb5	Rg5
14 Raet	Qd8	31 Qf3	Nd1
15 Kh1	Nd3	32 Nd8	Qa7
16 Qd3	0-0	33 Nc4	Qd7
17 Qg3	Kh8	34 Nd6	Resigns

When Topalov defended his king carefully with 17...Kh8, Shirov shifted to the other wing with 18 Bc7! Qa7 19 Na4; there was no way for Topalov to avoid losing a rook for a minor piece and pawn.

So Topalov sensibly set up a strong center with 19...f6 and 22...e5, and arranged to prevent a simplifying exchange of bishops with 24...Re8 and 25...Bd8. After 27 Ne4!, Topalov tried to prevent 28 Ba3 and 29 Nd6. But his 27...Nd4 was brilliantly shattered by Shirov's 28 Be5! The sacrificed bishop could not be taken because of 28...fe 29 Nd6! Bd7 (29...Rg8? 30 Nf7 mate) 30 Ne8 Be8 31 Rf8 mate.

Accordingly, Topalov tried 28...Nf5, perhaps hoping for 29 Rf5? Qe4!, but Shirov was ready with the wild and wonderful 29 Qg4! Ne3! (29...fe 30 Rf5 Be7 31 Qf3 Be5 32 Qf5 Qc6 33 Qd7 Qd7 34 Rd7 Rd8 35 Rd8 Bd8 36 g4 yields White an endgame advantage) 30 Qh5 Qe6! 31 Rd6! Bg4 32 Re6 Bh5 33 Re1. Ng2 34 Kg2 Re5 35 Rd6 by which White holds endgame superiority.

Topalov relied on 30...Re8, but after Shirov's 31 Qf3! Nd1 (31...Nf1 or 31...Bb7 loses to the same move played now) 32 Nd6! Qa7 33 Ne8 Qd7 34 Nd6, he gave up because his knight was trapped whereas the white minor pieces were immune. Thus, 34...b6 35 Rd1 fe36 Nf7 drops the black queen.

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STAR TV Pioneer

Indonesia's Sudden

Looking Ahead  
The IMF: Still Fails

CURRENCY &







## THE AMERICAS

## Financial Shares Shine in a Mixed Market

**Bloomberg News**  
NEW YORK—U.S. stocks were mixed Monday as J.P. Morgan & Co. led a rebound in the Dow Jones industrial average and two big bank mergers aroused speculation that more combinations were on the way. Gains were offset by concern that shares would fall if interest rates headed higher.

The Dow Jones Industrial Average rose 17.44 points to close at 9,012.30, recovering from a 69-point drop. J.P. Morgan helped fuel the rebound in the wake of merger announcements between NationsBank Corp. and BankAmerica Corp. and between First Chicago NBD Corp. and Banc One Corp. The Standard & Poor's 500 Index fell 0.98 to 1,109.69, while the Nasdaq composite index rose 4.71 to 1,824.95 after losing almost 10 points.

But much of the market remained under pressure. Lucent Technologies, up 68 percent year to date, led the decline, falling 2 1/4 to 67 1/4. "At these levels, the stock market has no margin for error," said A. Gary Shilling, president of Shilling & Co. "With any threat of higher interest rates, investors get nervous in a hurry."

Bonds suffered their worst loss in six weeks after the Federal Reserve said it had sold Treasury bills on behalf of an undisclosed customer. Traders speculated that Japan, one of the largest holders of Treasury debt, was selling some of its holdings.

The 30-year benchmark U.S. Treasury bond was quoted 20 3/4 of a point lower at 102 3/4, driving the yield up to 5.92 percent from 5.88 percent.

Nor did it help that a Federal Reserve Board governor, Laurence

Meyer, called the pace of U.S. growth "unsustainable" in a speech Thursday, leading to concern that

## U.S. STOCKS

the Fed will raise benchmark lending rates to slow the economy.

Higher interest rates tend to depress stock prices, because they raise the cost of corporate borrowing—hurting profits—and make alternative investments to stocks more attractive.

NationsBank led gainers in the S&P 500 after it and BankAmerica Corp. agreed to the biggest bank merger ever. BankAmerica, First

Chicago and Banc One also rose.

Other financial issues gained on speculation that they might be next to merge, including Chase Manhattan, which rose 5 to 146 1/4, and J.P. Morgan, which climbed 7 1/16 to 147 1/4.

"There's only one group of stocks getting investors charged up, and that's the financials," said Ned Riley, chief investment officer of BankBoston Corp.

Better-than-forecast results from some of the biggest securities firms also helped financial shares. Merrill Lynch gained 4 1/4 to 99 3/16 after it said first-quarter earnings rose 11 percent to a record as asset man-

agement fees surged. PaineWebber Group rose after the fourth-biggest U.S. securities firm, based on the number of brokers, said first-quarter net income rose 20 percent to a record. And Donaldson, Lufkin & Jenrette Inc. said its profit surged 55 percent, sending the stock up.

Many shares fell on concern that first-quarter earnings would fall short of analysts' expectations.

"Earnings estimates have been coming down while the market is up sharply," said Geoffrey Brod, a money manager with Aetna Investment Management in Hartford, Connecticut.

## U.S. Economic Outlook Bolsters Dollar

**Bloomberg News**  
NEW YORK—The dollar rose against the yen Monday amid expectations the U.S. economy will outperform Japan's and as speculation faded that the Bank of Japan would sell dollars again after two days of sales last week.

"Dollar strength is a natural path," said Rick Zauderer of Friedberg Commodity Management Inc. in Toronto. "Japan is in trouble, and the measures it's taken so far aren't strong enough" to revive the economy. He said the dollar could rise to 135 yen by the end of June.

The dollar rose to 129.63 yen in 4 P.M. trading from 128.67 yen Friday. The U.S. currency was little changed at 1.8238 Deutsche marks, compared with 1.8235 DM, as currency trading in much of Europe was closed for the Easter holidays.

The dollar was slightly lower at 1.5105 Swiss francs, compared with 1.5162 francs, and 6.1120 French francs, from 6.1123 francs.

The pound fell to \$1.6681 from \$1.6707.

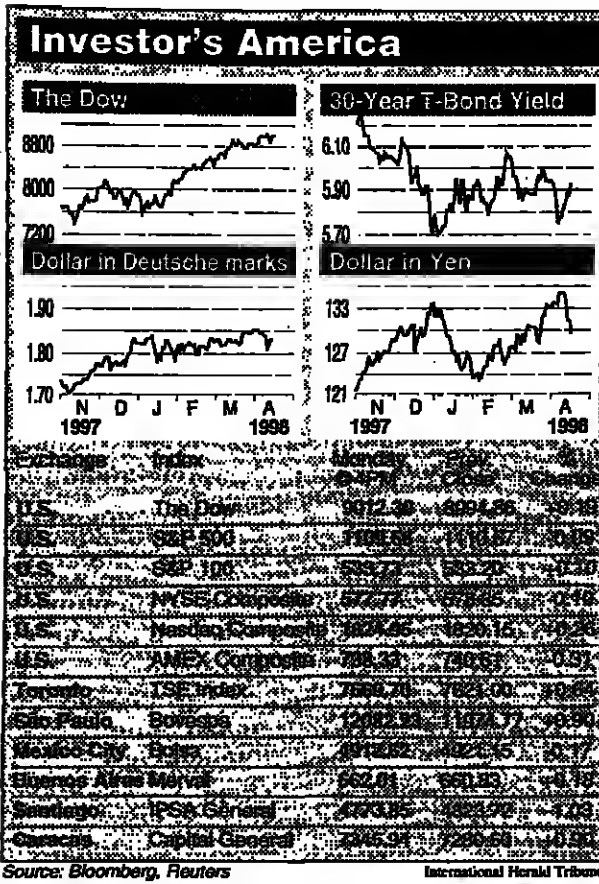
The Bank of Japan sold about \$12

investors sell Japanese stocks, they often convert the yen proceeds into other currencies.

Many traders said they viewed the dollar's drop late last week as temporary because the Japanese government had not aggressively implemented measures to spark economic recovery.

Prime Minister Ryutaro Hashimoto's announcement Thursday that at least 4 trillion yen would be cut from Japanese income taxes in a plan to pump 10 trillion yen into the economy failed to bolster the yen.

The dollar could get a lift Tuesday after many European markets reopened, traders said. The Bank of Japan's dollar sales "are short-term measures to knock down the dollar," said Debra Larsen, a trader at Commerzbank. The dollar will "rebound once the market is in full force."



## Very briefly:

• United Technologies Corp.'s Otis Elevator Co. subsidiary plans to close more than two-thirds of its engineering centers and cut 2,000 jobs as part of a restructuring to bolster efficiency and profit. Otis said it already had eliminated about 1,000 jobs and said most of the remaining cuts, equal to about 2 percent of its work force of 67,000, were expected to occur overseas.

• Excel Communications Inc.'s founder, chairman and chief executive, Kenny Trout, now will become president of the long-distance company as well, after John McLaine, the president and chief operating officer, resigned.

• International Business Machines Corp. is negotiating to hire Douglas Maine, chief financial officer at MCI Communications Corp., as its finance chief, ending a 10-month search.

• Astra USA Inc.'s former chief executive, Lars Bildman, was sentenced to 21 months in prison for filing false federal tax returns. He also was ordered to pay a fine of \$30,000 and serve a three-year period of supervised release after prison.

• Intergraph Corp. won a preliminary injunction against Intel Corp. as part of its federal lawsuit accusing the chipmaker of anticompetitive behavior, patent infringement and antitrust violations.

## Weekend Box Office

**LOS ANGELES**—"City of Angels" dominated the U.S. box office over the weekend, with a gross of \$16.1 million. Following are the Top 10 money-makers, based on estimates for Friday through Sunday.

	1	2	3	4	5	6	7	8	9	10
	City of Angels	Star Wars	Twelve Monkeys	Boyz n the City	Boyz n the City	Boyz n the City	Boyz n the City	Boyz n the City	Boyz n the City	Boyz n the City
	\$16.1 million	\$13.6 million	\$11.6 million	\$11.6 million	\$11.6 million	\$11.6 million	\$11.6 million	\$11.6 million	\$11.6 million	\$11.6 million

## INTERNATIONAL FUTURES

**April 13, 1998**

High Low Last Chg Opt

**Grains**

**COFFEE (CME)**

10 metric tons per lb

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Jul 98 100 100 100 00

Sep 98 100 100 100 00

Nov 98 100 100 100 00

Jan 99 100 100 100 00

Mar 99 100 100 100 00

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Jul 99 100 100 100 00

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## TWA to Buy 24 Boeing Planes

**Bloomberg News**  
ST. LOUIS, Missouri—Trans World Airlines Inc. signed a letter of intent to order 24 new MD-83 planes from Boeing Co. for delivery in 1999, the airline said Monday in a filing with the Securities and Exchange Commission.

The planes are valued at about \$1 billion, based on list price. TWA plans to acquire the aircraft through a long-term leasing arrangement, the filing said. While the airline said it was not possible to "accurately estimate" the amount of the rental payments, it added that the payments would represent a "substantial financial commitment."

It would be TWA's first significant order since it ordered 15 MD-83s and 70 757s in 1996, a year after it emerged from Chapter 11 bankruptcy protection for a second time.

The planes would replace Boeing 727s, which the airline is retiring. TWA is replacing old aircraft with new ones and reducing the number of plane types in an attempt to lower maintenance costs. TWA has 185 planes in its fleet, and has replaced 35 in the last two years. The average age of the planes has fallen to 17 years from 19 years since 1996, TWA said.

## AMEX

**Monday's 4 P.M. Close**

The 300 most traded stocks of the day, up to the closing on Wall Street.

The Associated Press.

Stock Sales High Low Last Chg

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## INTERNATIONAL

## East?

to is dying. And anyone who looks at the realities of the world will see that the support of the nationalist ultra-right is a necessary condition for peace. If that means that Netanyahu is going to be drawn from this or that part of the matter, that's fine. But any solution that would mean a viable state, a state that would not be dominated by the ultra-right, is a state that would not be a state at all.

## Moscow Signs Accord to Gain More Funding From the IMF

Compiled by Our Staff From Dispatches

**MOSCOW** — The government and central bank signed a statement Monday on economic policy for 1998 that was necessary for Russia to secure the next installment of an International Monetary Fund loan, the central bank said.

But the leading agency lashed out at Russia's inability to keep tax policies on track, criticizing its complex system and what it called weak administrative rules and an inadequate legal framework.

The economic policy encapsulated in the Russian statement is designed to continue market reforms, increase company transparency, stimulate investment and fuel growth. The government and central bank aim to increase tax collection and reduce government spending to cut the budget deficit, the statement said.

"It's an important signal to investors," said Sergei Kiriyenko, the prime minister-designate.

The next installment of Russia's \$9.3-billion IMF loan could be released after final approval of the policy and if economic indicators meet Fund targets. The agency last disbursed part of the loan last year, handing over \$667 million.

The IMF board of directors will evaluate the economic policy in May in deciding how much additional money Russia will receive when the three-year loan is extended for another year, to 2000, the central bank said.

IMF officials plan to review Russia's economic indicators for the first quarter in Moscow at the end of the month, the Interfax news agency reported. The Fund's managing director, Michel Camdessus, said recently that the international agency would extend by one year and increase the scale of the loan.

"Russia exemplifies many of the fiscal problems that still confront countries less advanced in transition," the IMF's semiannual World Economic Outlook said Monday in a special section on Russia, adding, "Progress in tax reform in Russia has been inadequate."

The outlook predicted that the Russian economy would grow by 1 percent in 1998, up from 0.4 percent in 1997, while inflation slowed to 8 percent from 15 percent in 1997.

The central bank chief, Sergei Duhinin, said Moscow would not take part in talks among finance ministries and central bankers of the Group of Seven leading industrialized nations this week in Washington. (Reuters, Bloomberg)



Hugh McColl, the chief executive of NationsBank, is to become chairman of BankAmerica after his company merges with its former rival.

## FORECAST: IMF Turns Grim on Growth

Continued from Page 1

cent of gross domestic product, more cuts in deficits were needed. The problem, Fund officials said, was that the euro would be introduced in several countries whose deficits were too close to 3 percent to allow for much spending flexibility.

The IMF urged European governments to take advantage of the current recovery "to move decisively" to reduce deficits further.

The IMF meanwhile, is predicting that as economic recovery continues in 1998, German interest rates will probably rise, along with rates elsewhere in Europe.

"For the time being," Mr. Mussa said, "it is appropriate to keep short-term interest rates where they are." But he said higher rates would be appropriate if the recovery strengthened.

The IMF report also forecast that the three economies most affected by the Asian crisis would diminish this year: Indonesia's would contract by 5 percent, Thailand's by 3.1 percent and South Korea's by 0.8 percent.

For Japan, the IMF is forecasting zero growth this year, a sharp revision of its prediction four months ago of 1.1 percent growth. Mr. Mussa warned that even zero growth "may not materialize" this year.

Japan is forecast to achieve a modest 1.3 percent rate of growth in 1999.

China, which has been relatively immune to contagion from the crisis, is nonetheless forecast to see its growth slow to about 7 percent this year, compared with 8.8 percent in 1997.

Mr. Mussa said he realized that the 1998 forecast was lower than China's official target of 8 percent growth.

The IMF said that spillovers from the Asian crisis had been most apparent in Russia, Ukraine and Estonia.

Russia's economy will grow just 1 percent in 1998, the IMF said, a forecast that the agency has revised down by more than 4 percentage points since October.

Countries in transition from communism will grow by an average 2.9 percent this year, the Fund said, down from its forecast six months ago of 4.2 percent.

The Fund's prediction for African growth was lowered to 4.6 percent from 5 percent, and that for the Middle East to 3.3 percent from 4.2 percent.

**German Appeals for Openness**

Finance Minister Theo Waigel of Germany called Monday for countries to be more open about their finances, to avoid a repeat of Asia's economic troubles, Bloomberg News reported from Bonn.

"The events in Asia have made it increasingly clear that international investors and the International Monetary Fund need access to comprehensive and reliable information so they can assess risk," he said.

## BANKS: Mergers to Create U.S. Giants

Continued from Page 1

Citigroup, as the merged Citicorp and Travelers is to be known, theoretically would have to divest itself of some nonbanking assets within five years, although executives said they were hoping the law would be changed by then.

BankAmerica and NationsBank have already moved into the securities business. BankAmerica owns Robertson Stephens, a securities firm that is strong in technology and mutual funds, while NationsBank last year purchased Montgomery Securities, a San Francisco-based brokerage house.

"The wave," Mr. Root said, "is to be able to offer a wide range of financial products and services using the branch network." Travelers and Citicorp gave that rationale for their merger.

Despite the talk of nationwide banking, the combined institution will merge BankAmerica's Western presence with the Southern and Southeastern U.S. operations of NationsBank. The new BankAmerica will not have much of a presence in the Midwest, where Banc One and First Chicago are strong, and neither of the merged lenders will have a substantial retail presence in the Northeast.

Of the four banks involved in the Monday merger activity, only BankAmerica has significant overseas interests. About 10 percent of its earnings are attributable to Pacific operations, executives said Monday, broadly defining the region as ranging from Chicago, to Chile to Japan.

NationsBank and BankAmerica have been moving toward creating national banks, Mr. McColl noted. "I have made no secret of my desire to create a nationwide franchise," he said, and Banc One's company was founded by the man who had the idea before any of us were born: A.P. Giannini.

In 1930, five years before I was born, Mr. Giannini was asked by members of Congress what he thought about nationwide banking. He said, and I quote, "It is coming, gentlemen, and there is nothing you can do to stop it."

They did manage to slow it down, but it seems an idea whose time has come. Certainly, investors liked the announcements Monday, and shares of all four banks rose in late trading. NationsBank, which is to exchange 1.1316 of its shares for each BankAmerica share, was up \$3.75 at \$80.1875, while BankAmerica gained \$3.625 to \$90.125. The bid does not include a premium over the market price of

## Markets Closed

Most European markets and many Asian markets were closed Monday for the Easter holiday.

BankAmerica on Thursday, executives noted, describing the transaction as a merger of equals even though it is structured as a takeover.

In the other deal, Banc One, which will swap 1.62 shares for each First Chicago share, advanced 12.5 cents to \$61.875; First Chicago was up \$3.1875 to \$97.125.

Although Wall Street overall was mixed, other bank and brokerage shares rose. The Standard & Poor's Bank Composite, an index that measures the bank stocks in the broad S&P 500-stock average, was up 15.37 points, or 2 percent, late in the day at 759.55.

Merger speculation swirled around such financial-services issues as Merrill Lynch & Co., PaineWebber Group Inc., J.P. Morgan & Co. Merrill and PaineWebber announced higher-than-expected earnings Monday.

NationsBank also had an earnings announcement out Monday, and its news was good as well. It said operating earnings rose 33 percent, to \$1.14 billion, in the first quarter, reflecting gains in revenue, expense controls and prior mergers. In its drive to expand into a countrywide bank, NationsBank recently acquired Barnett Banks Inc., a Florida-based lender, and Bossmen's Bancshares of St. Louis.

The company's latest deal will result in the elimination of 5,000 to 8,000 positions at the combined bank, although executives said many of those jobs would be lost through attrition.

Besides the attractions of universal banking and increased size, U.S. financial companies have been takeover targets because they are inexpensive relative to many other kinds of American stocks. One reason is investor caution after the lending debacles of the 1970s and 1980s, which led to significant write-offs of foreign loans and to the failure of many savings-and-loan associations.

## BankAmerica Sells Division

GreenPoint Financial Corp. agreed to buy BankAmerica's mobile-home finance unit for about \$703 million, making the New York-based thrift the second-largest mobile-home lender in the United States, behind Green Tree Financial Corp., Bloomberg News reported from New York.

Buying BankAmerica Housing Services gives GreenPoint a lending outlet for the deposits it gathers from its New York-area branches. BankAmerica's San Diego-based unit has more than 1,400 employees and 45 offices in 31 states. It provides financing through about 4,300 mobile-home dealers and originated about \$3 billion in loans last year.

Green Tree Financial, the leading mobile-home lender, agreed last week to be acquired by Conseco Inc., an insurance-holding company based in Carmel, Indiana.



John McCoy, the chairman and chief executive of Banc One Corp.

## Very briefly:

• Boeing Co. said its next-generation 737-800 model had been approved by the Joint Aviation Authorities of Europe, which represents 27 countries. Last week, Boeing said it would take a \$350 million charge against earnings because of cost overruns on the 737 program and attributed some of the costs to changes demanded by European regulators.

• German union leaders and employers said they favored resurrecting the "Alliance for Jobs," an joint effort by unions, employers and the government to reduce unemployment. The 1996 initiative fell apart during its first year amid union opposition to a series of welfare-reform proposals by the government.

• Spain's unemployment rate as measured by the Labor Ministry, which counts only those officially registered as jobless, fell to 12.58 percent in March from 12.76 percent in February. The National Statistics Institute, which uses a survey to measure the entire work force, says the jobless rate was 20.32 percent at the end of last year.

• British companies are losing confidence in their ability to increase exports, a survey by Dun & Bradstreet concluded. Although only 47.5 percent of the managing directors who were polled expected exports to rise in the next few months, compared with 54.5 percent in the previous quarter, the study concluded that the country was heading toward a "soft landing."

• The International Monetary Fund suspended disbursement of a standby loan of \$542 million to Ukraine because the country exceeded its target deficit for the first quarter.

• Russia's industrial output rose 1.3 percent in the first quarter, the government said. (AP, Reuters)

## AIRBUS: High-Flying European Concern Prepares to Take On Boeing in an Industrial Battle Likely to Reverberate Around the World

Continued from Page 1

the board now seems unavoidable for Airbus to live up to its ambition of becoming a long-term commercial success.

Airbus says it relishes the prospect of competition.

"Our airliners are the newest, cheapest, fastest, quietest" available because their technology dates basically from the 1980s, a company executive said — claiming that most Boeings still include key features dating back to the 1960s.

Boeing executives retort that their planes, especially the recent 777, still lead in innovation and insist that Airbus, faced with hotter competition, will resort again to some form of government help.

Trying to clear the decks for long-term commercial viability, Airbus is finally moving to jettison the state, featherbedded structures it inherited from its origins as a government-backed start-up company challenging a U.S. quasi-monopoly.

The blueprint for its future was confirmed late last month in an aerospace industry report generated by the governments of Britain, France and Germany, the three European countries with big aerospace industries.

Already, sources said over the weekend, negotiations are under way about the value of assets to be pooled in the new Airbus under a holding company owned by private partners.

The report, formally given to the four Airbus partner governments, calls for each owner to hand over its Airbus-related industrial assets, plus cash where necessary, to ensure that the new shareholding reflects the current balance of power: Aerospaciale of France with 37.9 percent, Daimler-Benz Aerospace AG of Germany with

37.9 percent, British Aerospace PLC with 20 percent and Construcciones Aeronauticas SA of Spain with 4.2 percent.

The plan sounds simple enough: A loose partnership is restructured as a normal multinational. Each owner gets shares and gets out of operations, so that Airbus is handled by its own professional, profit-minded management — due to take over at the end of this year.

The move seemed obvious in Britain and Germany, whose aerospace industries have privatized and streamlined to cope with new competitive pressures on international businesses. But the restructuring of Airbus has been held up by France.

For nearly two years, the French government has been reluctant to impose changes on Aerospaciale, the state-owned aircraft and missile-builder that handles the French share of Airbus.

The changes would partly dismantle France's leading aerospace company and partly privatize it. On a board where BAe and Daimler held 59.9 percent, Aerospaciale, even in alliance with Spain's state-owned company, would be a minority shareholder in an essentially private company.

The deadlock was finally broken last December when Prime Minister Lionel Jospin, overruling strong lobbies in his own leftist coalition government and in the aerospace industry, ordered Aerospaciale's chief executive, Yves Michot, to reorganize the company into a series of subsidiaries, including one containing all of its Airbus-related assets. That subsidiary will be swapped for shares in the planned new holding company.

Politics could still break open the deal until it is publicly signed, analysts said, and Mr. Jospin

has skillfully managed to keep the proposed deal out of the public eye. French opinion is always wary of seeing nationalized companies pass into the hands of stockholders and Aerospaciale could be particularly disturbing for many people.

More than just a national defense company, Aerospaciale is identified with modern France's industrial pride. Among other things, it created the Concorde, the nuclear missiles in France's *force de frappe*, the Ariane space rocket, Europe's leadership in commercial space launchers, the deadly Exocet missile — and Airbus itself.

Also opposed to loosening French control over a significant chunk of Aerospaciale are the trade unions. They want to retain the job protection enjoyed by Aerospaciale's workers, who have quasi-civil servant status.

As a result, Mr. Jospin has moved guardedly, initially seeking delays for many months after he came to office last June. But France ran out of room for maneuver late last autumn as Germany and Britain pressed for action and hinted that further French inaction could isolate Paris and perhaps force its European partners to seek a deal with Lockheed Martin.

That seemed to do the trick, but the depth of resistance could still be measured by further last-ditch efforts of Mr. Michot.

When he finally agreed to the holding company, he said that Aerospaciale's assets should not be touched. In other words, Aerospaciale's research labs and assembly lines would remain independent, the way they are now and unlike the three other partners who merge — presumably so that Aerospaciale's design labs and assembly lines could do Airbus work on contract but pursue other national programs.

That option was finally vetoed by Mr. Jospin, according to government officials and industry

executives, because it would have forged a German-British bloc in Airbus and marginalized the French aerospace industry, splitting Europe and opening the way to U.S. inroads.

Overcoming European rivalries was one of the reasons for restructuring Airbus's consortium, which was adopted a quarter-century ago when a prime concern in each founder nation was protecting its own national aerospace industries.

Even today, while roughly 50,000 people are engaged full time in building and selling Airbus buses, only 2,400 are employed by Airbus — a handful compared with the mass of "Airbus workers" who are Germans, French, Britons and Spaniards owing their paychecks and corporate loyalties not directly to Airbus but to their own companies: 20,000 for Daimler-Benz Aerospace, 12,500 for Aerospaciale, 7,000 for British Aerospace and 3,000 for Construcciones Aeronauticas.

Each partner company designs and builds a part of the plane — BAe makes wings, Aerospaciale makes cockpits — and Airbus takes delivery, assembles the components and paints the customer airline's livery on each finished airliner.

For each owner company, the three others are partners in this venture but potential competitors elsewhere, so it makes sense to disclose through Airbus as little information as possible.

"We do not even necessarily know it when one of our owner companies makes a productivity breakthrough on its Airbus work — and we certainly don't get those savings passed through to us," an Airbus executive recently said.

This haphazard system, with its hidden costs in the form of blinkered management, is set to give way at a juncture when Airbus gets a new pilot: Noel Forgeard, 51, replaces Airbus's visionary CEO, Jean Pierson, who last month in-

sisted on keeping his own long-announced retirement date. Mr. Forgeard arrives with a strong reputation from Matra, the privately owned French defense company, where he formed alliances with British Aerospace, Daimler-Benz Aerospace and other British and German partners.

Even with its new system and with Mr. Forgeard in place, can Airbus thrive along strictly commercial lines?

An early test for Mr. Forgeard will be layoffs. "Obviously, there are redundancies if we merge four national design studios, four separate sales forces and so forth," a company executive said, adding that consolidations could save 10 percent in Airbus costs.

A tougher challenge will come if Mr. Forgeard seeks to relocate contracts to save money and boost productivity, confronting his countrymen with the need for jobs to cross borders to keep Airbus on course.

With this European context in mind, there is little heartburn at Boeing, where executives profess skepticism about a multinational airplane's ability to fly free of political strings.

"The day Airbus closes a plant in one country and moves the work to another to cut costs, that's when we'll start thinking maybe the Europeans are getting seriously commercial," a Boeing official said.

Mr. Lundquist, the McKinsey analyst, however, suggested that Airbus developments were being closely monitored in the United States. "For the first time, the Europeans seem to be stepping up to the plate" about restructuring their aerospace sector, he said.

**TOMORROW: Waterloo ahead for the French defense industry?**

## WORLD STOCK MARKETS

Monday, April 13

Prices in local currencies.

High Low Close Prev.

Tel Aviv

Bomby

Jakarta

Kuala Lumpur

Manila

Mexico

Montreal

Riyadh

Sao Paulo

Seoul

Singapore

Taipei

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## The Trib Index

Prices as of 3:00 P.M. New York time.







ASIA/PACIFIC

# Kia Motors Returns To Profit

Korean Automaker Criticizes Sale Talk

SEOUL — The struggling automaker Kia Motors Corp. announced a first-quarter net profit Monday of 45 billion won (\$32.4 million) and denounced efforts to sell the company. "The profit will strengthen our footing to repay debts," said Park Je Hyuk, president of the company. He forecast a net profit for 1998 of 150 billion won.

Any full-year profit would be the first for Kia Motors since 1993. The company had a loss of 25 billion won in the year-earlier first quarter and a loss of 262 billion won for all of last year.

Mr. Park argued against selling Kia through open bidding. South Korea's three other major automakers are vying to take over the company, which filed for receivership last year when its parent group collapsed under debts of more than 10 trillion won.

Mr. Park proposed that a special body be formed by the government and creditors to study Kia's viability, and he complained that reports of an impending sale were damaging its activities at home and abroad.

Orders from overseas dealers are declining sharply, Mr. Park said, adding that the reports were also undermining Kia's efforts to attract foreign capital.

The company's shares tumbled 10 percent to close at 5,400 won. Executives met last week to discuss options including a possible sale of Kia Motors through an open tender after reducing its capital to allow the issuance of new shares.

(AFP, Reuters, Bloomberg)

## Hyundai Looks at POSCO

Hyundai Group, South Korea's largest conglomerate, said it would be "interested" in buying a stake in Pohang Iron & Steel Co. if the government decided to sell part of its stake, Bloomberg News reported.

Hyundai is already bidding to acquire Kia Motors as part of a strategy to beef up its core businesses. An investment in POSCO, as the South Korean steel producer is known, could be an alternative to Hyundai's plan to build its own steel mill to supply its auto, shipbuilding and electronics subsidiaries.

(AFP, Reuters, Bloomberg)

## Suharto Vows to Honor IMF Pact

JAKARTA — President Suharto on Monday pledged to implement new economic reform proposals and appealed to Indonesians not to turn to violence amid the country's monetary crisis.

Mr. Suharto made his comments as the rupiah hit a two-month high, buoyed by favorable financial-market reaction to an accord reached with the International Monetary Fund last week.

The rupiah closed Monday in Jakarta at 7,550 against the dollar, compared with Friday's close of 8,100 rupiah to the dollar.

Mr. Suharto said reform policies had been formulated with the help of international agencies and friendly governments and said, "We are going to implement them consistently." The new accord with the IMF revived a \$43 billion rescue package for the world's fourth most populous nation, which is suffering its worst economic crisis in more than 30 years.

Two earlier agreements between Mr. Suharto's government and the Fund broke down amid suspicions that Jakarta was not keeping its promises to make changes that could hurt the business interests of the president's family and some associates.

Indonesia agreed to carry out sweeping reforms according to a timetable laid down by the Washington-based Fund. In return, the IMF bowed to Indonesian demands to maintain, at least temporarily, subsidies on some foods and other basic items. (AP, Bloomberg)

## Scion Bets on Satellite-Based Internet Service

Continued from Page 11

wires to subscribers, whose homes would be outfitted with modems — allowing them to receive the service over their televisions or personal computers.

Intel, which owns 40 percent of the venture, is developing the broadband technology that will enable Mr. Li to deliver information at high speeds over a network of satellites and cable. Typically, satellite services are constrained by a lack of true two-way communication: they generally require subscribers to send commands back to the Internet by a regular phone line.

But Pacific Century plans to beam data to cable operators, who would store it in computers attached to the cable network. Rather than interacting with a satellite, subscribers would be sending and receiving data over the cable lines.

For the moment, Intel has limited its investment to \$10 million, according to executives familiar with the deal, but may increase it to \$50 million — still a modest wager for a company of Intel's size — if the market pans out.

That, however, is a big "if." While Hong Kong and other Asian cities have no shortage of Internet service providers, cybertechnology has come to Asia more slowly than it has to the United States and Europe.

Fewer than 6 million people in Asia roam the World Wide Web, compared with 19.2 million in the United States, a study by Salomon Smith Barney Inc. found. Substantially from the total, Asia has an Internet population of 1.8 million — in a region of nearly 3 billion people.



BACK TO BUSINESS — South Korea's trade, industry and energy minister, Park Tae Young, left, greeting Lin Ke Ming, president of Core Pacific Securities Co., on Monday in Seoul. Mr. Lin is part of a Taiwan investment delegation, the first since South Korea recognized China in 1992.

# India Eases Trade Policy to Aid Economy

Compiled by Our Staff From Dispatches

NEW DELHI — India said Monday it planned to lift exports by 20 percent in the year through March by reducing trade restrictions.

The country's four-week-old government, led by the Hindu nationalist Bharatiya Janata Party, removed restrictions on 340 imported products in line with a pledge by the previous Indian government to the World Trade Organization last year that India would phase out all such "quantitative restrictions" by 2003.

The Ministry of Commerce also said it would reduce the amount of paperwork and approvals needed to export goods and would allow small

exporters to import equipment free of duties.

The new measures indicate the government's effort to balance its goals of promoting Indian industry with demands from the World Trade Organization that the country further open up its economy to trade.

India's export growth slowed last year to 4 percent, compared with an average of 20 percent in the previous three years.

The ministry also lowered the minimum value of exports required for a company to qualify to import machinery and equipment on a duty-free basis to 10 million rupees (\$253,000) from 200 million rupees.

The new rule applies to exports of agricultural produce, garments, electronics, sports goods, toys, leather, gems, jewelry and products of the food-processing industry.

The move "will enable small companies to access new technology that will improve productivity and efficiency, which ultimately will boost the economy," Deepankar Barikati, director of the Federation of Indian Export Organizations, the largest association of Indian exporters, said in New Delhi.

The government also will give exporters an additional 5 percent reimbursement for taxes paid on raw materials. (Bloomberg, AFP)

# Enron Drops Effort to Build Dam in Nepal

Reuters

KATMANDU, Nepal — Enron Corp. has withdrawn its application for a hydropower project in Nepal that was to involve up to \$6 billion in investment, a senior government official said Monday.

"They have withdrawn their application for a survey license," the Water Resources Ministry official said. But he added that the U.S. company had said it would continue to monitor the regional power market.

Enron Renewable Energy Corp.

proposed in 1996 building a dam on the Karnali River in western Nepal to produce a maximum of 10,800 megawatts of hydropower for export to India and China.

Enron asked the government for a survey license for the plant, which was to be among the world's biggest. It also planned to build transmission lines across the Himalayas to supply power to China.

The plant was to have been handed over to Nepal after 50 years. Analysts said the withdrawal of

the application could be a blow to the Himalayan kingdom, which has been wooing foreign investment to lift its sagging economy.

In 1995, the World Bank dropped plans to lend \$175 million for the \$1 billion Arun III hydroelectric project in eastern Nepal, saying the country needed to focus on smaller power plants on its many rivers.

Nepal last year allowed Snowy Mountain Engineering Corp. of Australia to build a \$1 billion dam on the West Seti River.

# Zhu Changes Top Aides at 3 Key Banks

Reuters

SHANGHAI — China has shaken up the top management of its three "policy" banks in a move apparently tied to plans to increase lending to infrastructure projects, bankers said Monday.

The heads of the State Development Bank, Import & Export Bank of China and China Agricultural Development Bank have all been replaced in a move guided by Prime Minister Zhu Rongji.

Executives of the three banks confirmed the personnel changes but declined to comment further.

The so-called policy banks were designed to channel funds to projects seen as priority areas by the state. But bankers said some policymakers were looking for a more active role for the banks, particularly as important infrastructure projects took on a new importance in spurring economic growth.

Beijing has pledged to invest as much as \$1 trillion over the next three years in infrastructure and other sectors to spur domestic demand during the Asian financial crisis, which threatens Chinese exports.

Industrial & Commercial Bank of China plans to lend 40 billion yuan (\$4.8 billion) for investment in infrastructure and technology upgrades this year, the Xinhua news agency reported Monday.

Official media have highlighted the need to accelerate spending for major projects without leading to a waste of resources.

Funding had already been speeded to certain projects, particularly through the State Development Bank, they said.

Among the management changes confirmed by bankers was the naming of Chen Yuan as head of the State Development Bank. Mr. Chen, the former deputy governor of the People's Bank of China, succeeds Yao Zhenyan.

Zhou Keren, formerly head of the disciplinary department of the Ministry of Foreign Trade and Economic Cooperation, has succeeded Tong Zhigang as head of the Import & Export Bank.

Xie Xuren, former deputy finance minister, has succeeded Zhu Yuanliang as head of the Agricultural Development Bank.

Bankers in Beijing and Shanghai said Zhu Rongji, who took office last month, had been assembling his management team to help carry out ambitious economic-reform plans.

# Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
13000	2000	17800
12000	1800	17000
11000	1600	16400
10000	1400	15800
9000	1200	15200
8000	1000	14600
1997	1997	1997
Exchange Index	Monday Close	Prev. Close
Hong Kong Hang Seng	1,586.91	1,594.05
Singapore Straits Times	1,586.91	1,594.05
Sydney All Ordinaries	Closed	2,805.80
Tokyo Nikkei 225	16,317.58	16,536.66
Kuala Lumpur Composite	686.93	675.93
Bangkok SET	Closed	446.13
Seoul Composite Index	494.89	490.63
Taipei Stock Market Index	8,963.11	9,080.31
Manila PSE	2,210.46	2,193.47
Jakarta Composite Index	524.06	527.59
Wellington NZSE-40	Closed	2,305.52
Bombay Sensitive Index	4,085.93	4,163.57
		% Change
		-0.45
		-1.32
		-1.33
		+0.87
		-2.50
		+0.77
		-0.87
		-2.33

Source: Reuters

# Very briefly:

- Ekran Bhd. of Malaysia posted a loss of 405.3 million ringgit (\$110.9 million) for the year that ended June 30, 1997, after making a one-time provision for losses at its Wenhleby unit and for work on the postponed \$5.3 billion Bakun hydroelectric dam project, on which it was the main developer.
- Pertamina, Indonesia's state-owned oil company, expects its oil imports to fall 50 percent by year's end as the slowing economy cuts domestic demand, according to reports in a Jakarta financial newspaper.
- Indonesia plans to ratify a number of International Labor Organization conventions on workers' rights, including ILO Convention No. 105 on the abolition of forced labor, No. 111 on employment and occupational discrimination, and No. 138 on the minimum age of workers, Manpower Minister Theo Sambuaga said after meeting President Suharto.
- Bowater Inc. will buy Halla Pulp & Paper Co.'s Daebul newspaper mill in South Korea for about \$175 million. Bowater said the mill, which opened in 1996, had an annual production capacity of about 250,000 metric tons of recycled newsprint.
- Japan Air Lines Co. forecast a parent-company net profit for the current financial year of 14 billion yen (\$109 million), reflecting a switch to more lucrative routes in China, Europe and the United States. The profit, which is more than analysts are expecting for JAL, would contrast with its estimated net loss of 97 billion yen for the year that ended March 31.
- Seiyu Ltd., a major Japanese chain-store operator, expects to report a group net loss of 59.5 billion yen for the year that ended in February because of its debt-ridden finance units.
- Japan's private-sector machinery orders fell 17.9 percent in February from a year earlier, compared with a 4.7 percent year-on-year decline the previous month.
- China will contribute \$400 million in standby loans to Indonesia through the International Monetary Fund to help revive the country's ailing economy. (Bloomberg, AFP, Reuters)

# RUPIAH: U.S. Firms Hit

Continued from Page 11

United States exported \$888 million of agricultural products to Indonesia, according to Commerce Department figures. In 1997 that number dropped 8.7 percent, to \$811 million, largely because of a drop-off at year's end because of the crisis.

An agricultural analyst here estimated that this year, sales of American consumer-oriented products, including fresh fruit, poultry and beef, would drop by at least half and probably more. Until the crisis began, Indonesia had been the United States' second-largest Asian market for apples and its eighth-largest market for grapes.

The restaurant industry is considered particularly vulnerable, with one analyst predicting that "10 to 15 percent of the restaurants are going to close down." Franchises and chains such as McDonald's, Wendy's, Planet Hollywood and Hard Rock Café are expected to fare better.

"The independents are going to be hit harder," the analyst said. "They really don't have any idea how to respond."

# SARAKREEK HOLDING N.V. Amsterdam

Notice is hereby given that the Annual General Meeting of Shareholders of Sarakreek Holding N.V. will be held on Tuesday, April 28, 1998 at 2.30 p.m. of the RAI Congresscentrum, Europaplein 8, 1078 GZ Amsterdam.

# THE AGENDA INCLUDES:

- Annual Report of the Board of Management over 1997
- Establishment of the 1997 Annual Report and Accounts
- Discharge of the Supervisory Board and the Board of Management
- Appointment to the Board of Management
- Installation of a Committee of Shareholders
- Designation of the Board of Management as the authorised corporate body to resolve to issue shares and/or to limit or exclude priority rights
- Authorisation of the Board of Management to acquire, on behalf of the Company, shares in the Company
- Miscellaneous

The complete agenda for this meeting, as well as the 1997 Annual Report and Accounts and information on the proposed candidate for the Board of Management are available and can be obtained at:

the Company's head office, Amsterdamsedijk 418, 3744 MA Bunnik, The Netherlands and also at the ABN AMRO Bank N.V., Herengracht 597, Amsterdam.

To be able to attend the meeting, Shareholders must deposit their shares at the offices of the above-mentioned bank not later than April 23, 1998. The deposit receipt will render entrance to the meeting

The Supervisory Board

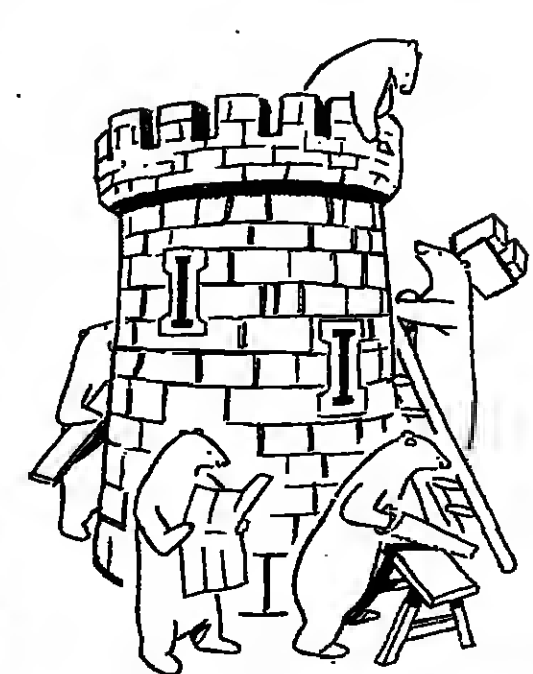
Amsterdam, April 10, 1998

# EUROPA FUNDS LIMITED

Notice is hereby given that the Annual General Meeting of the Company will be held at the Company's registered office c/o Hemphill Fund Managers, Genesis Building, George Town, Grand Cayman, Cayman Islands on 23rd April 1998 at 10:00 a.m.

All shareholders are invited to attend or to appoint a proxy to attend.

Information: Carol Minchew, Europa Funds Limited, Tel: (441) 295-9166



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Or because we emphasize personal client service based on mutual trust. Or because we have been successful Swiss-based international money managers since 1890.

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**Monday's 4 P.M.**  
The 1,000 most traded National Market  
in terms of dollar value, updated twice  
The Associated Press.

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### Final Test

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Year & Time

*Opinion Talk*

**WIRE BRAND**

**April 10, 1998**

Questions supplied by kind courtesy to Milosavljević Paris. t: 33-1 46 28 09 09 e-mail: [istudata@milosavljević.fr](mailto:istudata@milosavljević.fr)

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## WORLD ROUNDUP

## O'Meara Birdies Final Hole to Win the Masters

## Cell Awaits Maxwell

**BASKETBALL** Vernon Maxwell of the Charlotte Hornets was scheduled to turn himself in Monday to begin a 90-day sentence in a 1995 marijuana possession case, said a spokesman for the Harris County Sheriff's Department in Houston.

County officials had asked North Carolina police to arrest Maxwell after a warrant was issued Tuesday. The Hornets said the team understood Maxwell could resolve the matter after the season.

"There's no bond, no appeal," said John Holmes, a Harris County district attorney. "He owes the state of Texas 90 days. We're not running a hotel. It's not, 'Come in when it's convenient.'"

Maxwell was not at practice Monday. A Hornets official said he had gone to Texas. (AP)

## Bobbyjo's Grand Victory

**RACING** Bobbyjo, an 8-1 chance ridden by Paul Carberry for his father, Tommy, won the Irish Grand National on Monday. Bobbyjo jumped the last fence with topweight Papillon (20-1), the mount of Ruby Walsh, 18, and battled to a half-length victory. (AP)

## Stoichkov a Hit in Asia

**SOCCER** Hristo Stoichkov, the Bulgarian star, scored the only goal for Al Nasr of Saudi Arabia beat Samsung Suwon of South Korea, 1-0, in Riyadh on Monday to win the Asian Cup Winners Cup. Stoichkov is on loan to the Saudi team. (Reuters)

## Pierce Outlasts Martinez

**TENNIS** Mary Pierce, the runner-up the last two years, beat Conchita Martinez of Spain 6-7 (8-10), 6-0, 6-2 on Sunday in the final of the Bausch & Lomb Championships at Amelia Island, Florida. (AP)

## Texas Appoints Barnes

**BASKETBALL** Rick Barnes, who took Clemson to three straight NCAA tournaments, was introduced as the University of Texas coach Monday. Barnes replaces Tom Penders, the winningest coach in the program's history. Penders left after his players complained about him. He has received a settlement of about \$850,000. (AP)

## A Sensitive Topic

A presidential town hall meeting intended to smooth race relations has ruffled Hispanic activists.

The Houston chapter of the League of United Latin American Citizens complained Sunday about the makeup of a panel for a forum Tuesday on race and sports.

Felipe Lopez, a basketball player at St. John's University in New York, is the only Hispanic on the 11-member panel, which also includes President Bill Clinton and nine sports figures — six blacks and three whites.

"So we're one token," said Johnny Mata, spokesman for the league's Houston chapter. "It just shows you the lack of sensitivity on the issue, and that's what the forum is all about — racism in America."

ESPN, the cable sports network, which chose the panel, announced the selection of Lopez on Sunday, after league officials wrote to Clinton. Chris LaPlaca, an ESPN spokesman, said Lopez agreed Saturday to be a panelist. (AP)

## Couples and Duval Tie for 2d; Nicklaus Grabs a Share of 6th

By Leonard Shapiro  
Washington Post Service

AUGUSTA, Georgia — Mark O'Meara had said only the day before that it did not really matter to him if he never won a major championship, that his life as a professional golfer would be complete no matter what happened among the teeming masses, the gentle breezes and the whispering pines of Augusta National.

But shortly after 7 P.M. Sunday night, O'Meara made one last 20-foot (6-meter) birdie putt at the 405-yard 18th hole to win the 62d Masters by one shot over his playing partner, Fred Couples, and David Duval, solidifying his reputation as one of the game's finest practitioners.

A few minutes later, O'Meara's young friend Tiger Woods, the defending champion, beamed broadly as he draped a green jacket over his Orlando neighbor's shoulders, telling O'Meara, "You deserve it, Mark."

Never again will O'Meara, 41, the 1979 U.S. Amateur champion and a 14-time winner on the Professional Golfers' Association tour, have to answer all those questions about the absence of a major professional title on his gaudy resumé.

Asked why it took so long to win a major, he replied: "Hey, listen, if I knew, I would obviously have solved the problem."

O'Meara earned this championship the hardest way possible, coming from two shots off the lead at the start of play and trailing by three to Duval — a four-time winner over the last seven months — with four holes to play. But O'Meara birdied three of his final four holes, including the last two, to finish with a round of 67 and a 9-under total of 279.

That provided a one-shot victory over Duval, who had posted a brilliant 67 and was already finished, and Couples, who shot 70, just when it appeared a three-man playoff was about to take place in the fading twilight hours.

O'Meara said that before he made the putt at 18, he thought to himself, "This is what it's all about. This is what you play golf for. I've got it in my hands, why not finish it off? I looked at the putt the first time and it looked like a break to the left. My thought was to try to get it on line and give it a chance to go in."

When putter touched ball, thousands all around the green rose from their seats to get a better view, then roared their approval when it went down, ending one of the more memorable final rounds in this tournament's storied history.

In addition to producing a popular champion in a fabulous stretch finish between a half-dozen men, there was also the stirring saga of Jack Nicklaus to savor and to celebrate.

The six-time Masters champion stalked this course as if he were a man half his 58 years and rewarded the largest and most vocal galleries of the tournament with a breathtaking round of 68 that earned him a share of sixth place with David Toms, who shot 64-283 playing much earlier in the day.

Jim Furyk shot a final-round 68 and was in fourth place at 281, with Paul Azinger shooting 70-282 for fifth.

"If it is my last round at Augusta," Nicklaus said, "I couldn't have had a nicer way to go out. Obviously, I would have liked to have about three shots lower, but that's still a pretty nice way to go."

The sonic boom accompanying each of Nicklaus's four birdies on the front nine holes — including a 40-foot chip-in at the 360-yard third hole after he barely missed a 12-footer for eagle at the 555-yard No. 2 — was so loud that Woods, one group ahead, said he and his partner, Davis Love III, wanted to play faster just so they would not be interrupted in

midswing by the clamor nearby. Woods made little commotion himself Sunday, opening with a 3-putt bogey on his first hole and finishing at 70, tying for eighth in the defense of his 1997 title.

Couples, meanwhile, will look back at the 485-yard 13th hole as his downfall after leading the tournament after the first three rounds and through his first 12 holes on Sunday. Couples came to the hole tied with Duval at 8-under-par and left the green with a double bogey 7 when his drive snap-hooked down the left side into an area few players of his caliber have ever explored.

His ball hit an overhanging pine branch and careened onto a dirt road. Couples somehow managed to hit a heroic sand wedge over the trees and out onto the fairway and had only 162 yards to get to the green, usually a routine shot until he admitted "I may have panicked a little bit."

"It was a 7-iron shot, and we talked about just hitting a 6-iron out of there," he said. "It's very hard to do that when you know you have too much club. I tried to hit it higher and easier and it just went in the creek."

That would be the infamous Rae's Creek, a watery grave for so many past Masters contenders, and his ball took one bounce and plunked into the water about a foot from the edge. The ball was in too deep to even think about hitting from there, so Couples moved back, hit his fifth shot onto the green and needed two putts from 25 feet to fall to 6 under, two shots behind Duval.

Though he eagled the 15th with a magnificent 190-yard 6-iron that stopped a foot from the cup, Couples missed birdie putts of 18 feet and 10 feet at the 16th and 17th and gave himself no chance for birdie when he drove into the fairway bunker at 18.

Duval shot 33 on the back nine. He made birdies at both the 13th and 15th holes, but he also has a bogey at 170-yard 16th. He then missed a birdie putt at the 18th.

And that was the opening O'Meara needed.

The California native — who lives a few streets over from Woods in a gated Orlando golf enclave — said that after making par at the 16th, he told his caddy walking toward the 17th tee, "I can birdie the last two holes and this tournament can be mine."

And so he did.



Mark O'Meara celebrating his first major Tour victory after a 20-foot putt on Augusta National's 18th hole.

## A Modest Winner With Superstar Fans

Washington Post Service

AUGUSTA, Georgia — Shy, shy Mark O'Meara barely celebrated when he won the Masters. But you can bet that, wherever they were, Ken Griffey Jr., Michael Jordan, Tiger Woods — and many other famous names — were yelling for their buddy.

Few people in sports are better liked by those who know them, yet less known by the general public than the modest O'Meara. Even here at the Masters when O'Meara went to dinner this week, a fan repeatedly called him by the name of another professional golfer: "Hey, Mark McCumber."

"I'm Mark O'Meara, not Mark McCumber," said O'Meara, who, of course, immediately gave an obliging autograph. "I get mistaken a lot for McCumber. And Tom Lehman, too. I don't know why."

That's O'Meara's sneaky humor: All three are balding, lumpy, forthright and almost deliberately flamboyant.

Vantage Point/TOMAS BOSWELL

"Now, maybe people will recognize me as Mark O'Meara," he said after winning the Masters.

Those who saw O'Meara birdie the 15th, 17th and 18th holes to beat Fred Couples and David Duval by one shot Sunday will probably sense only a small fraction of the real O'Meara. They will remember that a solid 18-season Tour veteran with 15 career victories drained plenty all day to win the first professional major tournament of his life.

But that won't give them much of a hint about who O'Meara is and why he is so admired and sought as a friend. For a clue, start with this: After he sank the 20-foot putt that won this Masters, and, in a stunning blink, avoided what had seemed like a near-certain three-way playoff with Couples and Duval, O'Meara threw both arms in the air.

But he did nothing else. Couples still faced a short putt for a par to clinch a share of second place. And O'Meara did not want to hurt his friend's concentration. Yes, O'Meara and Couples have been close for 20 years.

"If it had been me, I'd have been jumping and running around," said Couples. "But you saw him. That's the kind of guy he is."

Something about O'Meara attracts others. He seems to have little ego, yet has great pride. He is funny, but not at anyone else's expense. He's fifth on the all-time PGA Tour money list and has played on five Ryder Cup teams, yet he has consistently reined in his travel schedule in recent years so that he can spend time with his two young children.

Others, who have far more fame and talent than O'Meara, sense that he has something of unmeasurable and undefinable value. That's why he is often the "fourth" when Woods, Jordan and Griffey play golf together.

"He's one of the greatest guys you'll meet," said Griffey not long ago, adding that O'Meara is usually the one playing the mind games, pressing the bets, telling the wise-guy stories and then making a long putt on the 18th to win the serious coin.

"You think you're doing O.K. until

the 19th hole when Mark adds it all up," says Griffey. "Then he's cleaned you out."

Woods, as the previous champion, presented the Masters green jacket to O'Meara on Sunday. Some might have expected a moment of schmalz. After all, from the day Woods turned pro, O'Meara has showed him the ropes and been his confidant. O'Meara knew better than to expect sentiment from Woods.

"We played a practice round together and I birdied the last three holes," said O'Meara, grinning. "Tiger said, 'I can't believe you always beat me.'"

"I told him, 'Somebody has to.' As Woods put the green jacket on O'Meara, the youngster whispered, 'Now you're the champ. So, you gotta give me strokes.'"

O'Meara responded: "Hold the jacket lower, kid. I'm 41. I can't raise my arm that high."

Sports fans are fascinated by the greats — such as Jordan, Griffey and again on Sunday, Nicklaus, who shot a 68 to finish sixth at the age of 58.

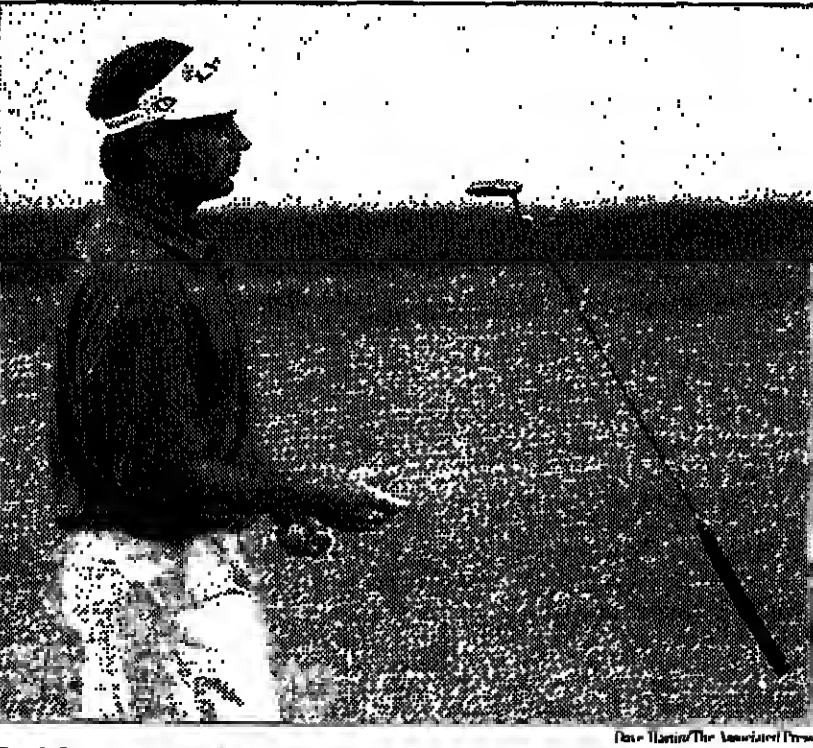
The illusion of superhuman ability through games is a compelling image. For example, the crowds were full of glee when Nicklaus hit a 340-yard drive-well past the U.S. Open champion Ernie Els.

Yet perhaps we should spend more time studying the O'Mearas. Couldn't we learn far more from those whose limits are so much more akin to our own?

"I don't have any desire to trade places with Tiger. Or Griffey, Jordan or any of those superstars," O'Meara said. "The sacrifices they have to make — as athletes and as people — are more than most people understand."

"You need to be who you are. I want to be a good player, a good father, a good husband and take care of my friends. That's what my father taught me. Be the best that you can be and have a normal lifestyle. You can't ask for more than that."

"To win the Masters," he said, laughing, "that's the icing on the cake. I just hope they get my name right on the trophy."



Fred Couples throwing his putter after dropping two strokes on No. 13.

## SCOREBOARD

## BASEBALL

## MAJOR LEAGUE STANDINGS

## AMERICAN LEAGUE

## EAST DIVISION

## W L Pct. GB

## Baltimore 7 5 .588

## New York 6 6 .500

## Tampa Bay 6 6 .500

## Boston 4 8 .333

## Toronto 2 10 .167

## CENTRAL DIVISION

## W L Pct. GB

## Cleveland 8 2 .800

## Minnesota 4 6 .400

## Chicago 4 6 .400

## Kansas City 3 7 .300

## Detroit 2 9 .182

## WEST DIVISION

## W L Pct. GB

## Texas 6 4 .600

## Seattle 5 5 .500

## San Diego 4 6 .400

## Oakland 2 8 .200

## NATIONAL LEAGUE

## EAST DIVISION

## W L Pct. GB

## New York 7 5 .588

## Philadelphia 6 6 .500

## Atlanta 6 6 .500

## Montreal 3 7 .300

## Florida 1 11 .091

## CENTRAL DIVISION

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## St. Louis 10 2 .833

## Pittsburgh 7 5 .588

## Cincinnati 6 6 .500

## Milwaukee 4 6 .400

## Houston 3 7 .300

## WEST DIVISION

## W L Pct. GB

## San Diego 10 2 .833

## San Francisco 7 5 .588

## Los Angeles 6 6 .500

## Colorado 4 6 .400

## Arizona 2 10 .167

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## NATIONAL LEAGUE

## EAST DIVISION







## ART BUCHWALD

## The Tobacco War

WASHINGTON — The battle royal is on. Tobacco interests have declared war on the government of the United States of America.

Once again the innocent citizen is caught in the middle and is being forced to take sides.

I don't smoke anymore. But for years I was a chain cigar smoker and a threat to the society in which I lived. When I gave it up 14 years ago, I felt sorry that cigar companies would have my business no longer — but a lung is a lung is a lung.

The big argument has to do with taxing cigarettes.

The government is suggesting a \$1.10-a-pack tax as

a means of keeping young people from smoking.

The tobacco companies say they can't live with that.

But no one knows what price smokers will pay for a cigarette.

Out of curiosity I stopped in the schoolyard of McLean High School and asked a group of students watching the grass grow on the football field, "How much would you pay for a pack of cigarettes if you had to?"

A young man replied, "Two hundred dollars."

His friend said, "More, if they asked."

"Then you don't believe taxing cigarettes will stop young people from smoking?"

"Why should it?" a girl replied. "You only live once."

So I said, "Do you think the cigarette companies are being treated unfairly by the anti-smoking forces?"

A boy said, "They're getting the shaft from Congress, but if they can afford to pay the government \$368 billion to show their good faith, they can cough up \$516 billion, particularly if you count all their new young customers in China."

"Why do young people smoke?" I asked.

Someone responded, "For the same reason older people smoke — to stick something in our mouths besides our feet."

"Suppose it will cost you \$300 a carton for cigarettes? Would you still spend the money?"

The boy looked up with a smile and said, "Try me."

Washington Post Service

## Egyptian Museum Bolsters Security

CAIRO — The Egyptian Museum has put into force a new \$3 million security system to protect its ancient and invaluable contents.

The system, which includes video cameras, smoke sensors and metal detectors, was ordered after a 1996 robbery attempt at the museum, home of the treasures of King Tutankhamen and countless other antiquities from a rich archaeological heritage.

The museum is now surrounded by electronic rays which can detect weapons and burglary attempts. Culture Minister Farouk Hosni said after an inspection.

## Tough Questions for Spielberg Holocaust Project

By Marc Fisher  
Washington Post Service

STUDIO CITY, California — Past the Universal Studios costume building, inside a fenced-off labyrinth of wooden trailers, nearly 200 people toil around the clock on a Steven Spielberg production that might be the richest documentation of history ever attempted.

Spielberg's Shoah Visual History Foundation is scouring the globe for aging survivors of the Holocaust to set their recollections on video, creating a digital archive of firsthand accounts of Germany's drive to exterminate European Jewry.

The foundation is inspired by "Schindler's List," Spielberg's 1993 film about the German industrialist who saved his Jewish workers from the Nazi death machine. In four years of frenzied work it has amassed tapes of 40,766 survivors of the Shoah, according to a "production status" ticker on the project's Web site: [www.vhf.org](http://www.vhf.org).

But the path to that achievement has been riddled with hazards and missteps. Historians worry that a Hollywood mind-set has favored production values over historical fidelity. Former employees say a rush to meet Spielberg's goal of 50,000 interviews in three years, along with antipathy toward academic experts on the Holocaust, has weakened the foundation's interviews with survivors, creating a massive archive of questionable usefulness. A yawning gap has opened between the accumulation of testimonies and the development of a way to make them available.

A former foundation manager, Warren Goldie, said the organization's first executive directors, the movie producers James Moll and June Beallor, "look what could have been a great nonprofit organization and tried to bend it into a movie-production company for the purpose of advancing their careers with Spielberg."

And Erik Simon, a former research manager, said, "One hundred years from now, the Shoah Foundation's contribution will be seen as irreparable. But there was a period when I was concerned that the foundation was at risk of creating the most thoroughly catalogued, extensively indexed, technologically advanced collection of mediocre interviews ever assembled."

Michael Berenbaum, the foundation's president for the past year, concedes that the \$60 million project has had problems in the rush to meet a weekly quota of 320 interviews in 30 languages in more than 40 countries. But



Michael Berenbaum, head of the Shoah Foundation: "Quantity creates quality."

he says the glitches ultimately won't matter.

"There has been a tension here between an academic respect for the material and the Hollywood desire to glitz it up," says Berenbaum, former chief of the U.S. Holocaust Memorial Museum's research institute. But in the end, he says, "quantity creates quality."

"This will be an archive not just of generalists and journalists," he added, "but of Peter the doctor and Chava the baker and Chaim the tailor."

Survivors and their families are, by and large, grateful. "I don't know about how they're operating," says the Washington filmmaker Aviva Kempner, a daughter of survivors. "All I know is, because it was Spielberg, my mother told her story for the first time, and now we'll have it forever. That's what's important."

Oral histories are a murky blend of history and memory, witness accounts that can be blurred, exaggerated or faded by the passage of time. Some historians steer clear of oral history, questioning its accuracy, far preferring to rely on diaries, letters and other contemporaneous accounts. Other academics devote themselves to collecting and analyzing a relative handful of such accounts, pressing witnesses on every detail of their stories.

The Shoah Foundation — fueled by unprecedented ambition and Spielberg's celebrity — mines new ground, stockpiling stories from as many survivors as possible for later generations to examine.

"What Spielberg is doing has to be done," says Yehuda Bauer, director of the International Institute for Holocaust Research at the Yad Vashem memorial in Israel and one of the world's foremost scholars of the Nazi genocide. "But memory plays tricks on people. Professional academics know what is already known and what is not known, so they know what to ask. These interviews are being done without any possibility of checking information. So a portion of these interviews will not be useful. There are a lot of problems."

Born in 1947 and raised in a Jewish family in which the Holocaust was a constant topic, Spielberg has said that he learned to count by reading the prisoner serial numbers tattooed on a survivor's arm. Spielberg, who declined to be interviewed, has said his desire to assimilate into American culture distanced him from his faith and his traumatic experience.

It wasn't until his first child was born, in 1985, that Spielberg felt a tug back toward his Jewish tradition. And it was only during

the production of "Schindler's List" that he met with survivors whose stories were so compelling that he decided to collect their testimonies while they could still be told.

Just making and storing copies of hundreds of thousands of tapes requires around-the-clock shifts, millions of dollars of state-of-the-art equipment and mountains of digital videocassettes that cost \$90 each. The foundation's centerpiece is a huge digital video jukebox already filled to capacity with testimonies.

Eventually, five repositories — Yale University, the Holocaust Museum, Yad Vashem, the Museum of Tolerance in Los Angeles and the Museum of Jewish Heritage in New York — are to be linked to the foundation's archive by fiber-optic cable.

But before testimonies can be used, they must be catalogued. Every testimony must be analyzed word by word to create a detailed and consistent index that researchers can use to find, for example, anything survivors have said about a deportation from a particular town on a certain date. This massive task has proved to be the foundation's bane. The first two years of work, in which about 500 interviews were catalogued, had to be scrapped because of technical and conceptual problems.

Only about 1,000 have been catalogued; the collection will not be made available to the repositories anytime soon.

It is primarily historians who are raising questions. Sid Bolinsky, director of a Holocaust history project at the University of Michigan at Dearborn, helped train Shoah Foundation interviewers and came away distressed that the project was fixated on speed and a Hollywood approach to storytelling.

"All the scholars in the field," he says, "told them pretty much the same stuff: don't restrict the survivors to two hours, let them talk, be sure your interviewers are well trained — and they rejected everything, to the last suggestion."

Beallor, the producer, dismisses criticism of the project's emphasis on speed over training. "Who cares what the approach is? We have 40,000 testimonials," she says.

In the end, the foundation will be known not for its founder but for the people whose stories it has collected. "We were attracted to this project like moths to a flame," says a survivor who worked for the foundation for several years but left disillusioned. "I believed the sacredness of the martyrdom of our parents was going to protect us from the inanity of Hollywood. I was wrong."

## PEOPLE

THE "Seinfeld" co-creator Larry David says one fan of the hit sitcom won't leave him alone. His mother. "She's afraid I'm going to kill the characters," says David, who returned to produce and write the much-awaited final episode. "Every time I talk to her on the phone, she says, 'Don't kill them.' An estimated 75 million people are expected to tune in on May 14 to see what, if anything, happens to Jerry Seinfeld and his co-stars, Jason Alexander, Julia Louis-Dreyfus and Michael Richards.

Norman Mailer probably won't be getting any awards from the National Organization for Women anytime soon. The crusty winner of two Pulitzer Prizes admits he only grudgingly accepts women's liberation. "You get on the shuttle from Boston to New York, and what do you see?" the author tells The New Yorker in its April 20 edition. "You see a group of women wearing tailored suits, carrying their laptop computers, and they look like female versions of the men." Asked how he felt when the women's liberation movement first began to gather steam, Mailer responded: "Like the British when they lost India."

The actresses Sigourney Weaver, Winona Ryder, Lena Olin and Chiara Mastroianni will be part of the jury lineup at next month's 51st Cannes Film Festival, the Paris newspaper Journal du Dimanche has reported. The 10-member jury

also will include the French rapper MC Solaar and the director Alain Corneau, it said.

Honey bees attacked Nelson Mandela in the bathroom at his vacation home, repeatedly stinging the South African president. The Independent on Sunday quoted Mandela as saying he was stung "four or five times" on the abdomen and "also in parts that I can't mention."

Sophie Rhys-Jones, the girlfriend of Prince Edward of England, "astonished" the Duchess of York when she asked her to take part in a publicity stunt showing her being sprayed with water in an empty swimming pool. The Daily Telegraph reported, The duchess, the former wife of Prince Edward's brother, Prince Andrew, was said to be "amused, if a little hurt," according to one of her friends. There is no prospect of the duchess accepting the invitation from Rhys-Jones, who has been hired to do public relations work for a health club.

For more than 36 years, Pasquale Di Fabrizio, 71, has served as shoemaker to the stars. Now he's planning to close up his Los Angeles shop and write a book revealing the foot secrets of the famous. During a career in which he provided shoes for more than 1,000 movies and 4,000 television shows, Di Fabrizio has worked with such stars as Elizabeth Hurley and Leonardo

DiCaprio and touched "some of the best legs in the world." But with the good comes the bad and the ugly, he says, like the lifts in Michael Douglas's and Burt Reynolds's shoes, and Elizabeth Taylor's "golf-ball-size bunions." Di Fabrizio plans to tell all in his forthcoming book, "The Sole of a Shoemaker."

The British pop singer George Michael has stated openly that he is gay. In an exclusive interview on CNN, the interview followed the singer's arrest for "engaging in a lewd act" in a Beverly Hills, California, park last week. "I want to say that I have no problem with people knowing that I'm in a relationship with a man right now," Michael said. "I have not been in a relationship with a woman for almost 10 years."

The Kingsmen are going to be paid again for "Louie Louie." The group that recorded the 1963 hit was awarded the rights to the record by a federal appeals court, which agreed that the band had unfairly missed out on decades of royalties generated by one of the most popular rock songs in history. The Kingsmen signed away rights to "Louie Louie" in 1968 for 9 percent of future licensing fees and profits. They were never paid, however, and in 1993 members of the group finally sued the record companies that now hold the rights to the record. "The Kingsmen are entitled to all income derived from the exploitation of the recordings following Sept. 29, 1993," the court ruled.



George Michael during his interview with CNN.



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